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October 2007 Investment Committee Meeting  
(August 2007 Reporting Period)**

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October 15, 2007

**SUPPLEMENTAL ITEM**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT:** Investment Transactions
- II. PROGRAM:** Public Employees' Retirement Fund
- III. RECOMMENDATION:** Information only

The following investment transaction reports relating to the Public Employees' Retirement Fund (PERF) have been completed by staff for the Investment Committee's review. The transaction reports were completed for the months of July 2007 and August 2007.

Public Employees' Retirement Fund

Fixed Income Summary and Transactions

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Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority (No items to report)

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Matthew Flynn  
Division Chief

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Anne Stausboll  
Chief Operating Investment Officer

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Russell Read  
Chief Investment Officer

## FIXED INCOME TRANSACTIONS

July 2007

	<b>PURCHASES</b>		<b>SALES</b>	
<b>Asset Class</b>	<b>Market Value (\$Millions)</b>	<b>Effective Annual Yield %</b>	<b>Market Value (\$Millions)</b>	<b>Effective Annual Yield %</b>
Government	2,001.4	5.1	960.2	5.1
Mortgages	3,668.0	6.0	2,318.5	6.2
Sovereigns	99.0	5.6	108.4	5.1
Corporates	499.0	6.8	99.0	6.8
High Yield	0.0	0.0	0.0	0.0
<b>Total</b>	<b>6,267.4</b>	<b>5.8</b>	<b>3,486.1</b>	<b>5.9</b>

# FIXED INCOME SUMMARY

## INTERNATIONAL MANAGERS PORTFOLIO SUMMARY

External International

July 31, 2007



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### FIXED INCOME MANAGERS:

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
ALLIANCE BERNSTEIN INSTITUTIONAL INVSTMT	\$982,903,302.04	14.55%	\$992,500,132.89	14.36%
BARING ASSET MANAGEMENT	\$109,358,968.83	1.62%	\$115,486,107.65	1.67%
BRANDYWINE ASSET MANAGEMENT	\$508,397,083.81	7.53%	\$521,309,070.82	7.54%
BRIDGEWATER ASSOCIATES	\$2,431,834.89	0.04%	\$2,431,834.89	0.04%
JULIUS BAER INVESTMENT MANAGEMENT INC.	\$6,038.99	0.00%	\$6,038.99	0.00%
MONDRIAN INVESTMENT PARTNERS	\$966,195,292.90	14.30%	\$987,070,141.43	14.28%
PIMCO INTL FIXED INCOME	\$1,095,277,087.49	16.21%	\$1,096,193,829.20	15.86%
ROGGE GLOBAL PARTNERS	\$1,714,404,152.36	25.38%	\$1,765,720,833.40	25.55%
WELLINGTON MANAGEMENT COMPANY	\$1,901.26	0.00%	\$1,901.26	0.00%
WESTERN ASSET MANAGEMENT	\$1,376,596,487.67	20.38%	\$1,430,959,703.77	20.70%
<b>TOTAL</b>	<u>\$6,755,572,150.24</u>	<u>100.00%</u>	<u>\$6,911,679,594.30</u>	<u>100.00%</u>

\* INCLUDES CASH AND CASH EQUIVALENTS

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When summing net amounts on this report, there may be breakage.

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# FIXED INCOME TRANSACTIONS

INTERNATIONAL MANAGERS PORTFOLIO TRANSACTIONS

External International

July 31, 2007



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<b>FIXED INCOME MANAGERS</b>	<b>PURCHASES</b>	<b>SALES</b>	<b>NET INVESTMENT</b>	<b>REALIZED CAPITAL GAIN/ LOSS</b>
<i>PORTFOLIO TRANSACTIONS</i>				
ALLIANCE BERNSTEIN INSTITUTIONAL INVSTMT	\$317,257,339.00	\$299,618,980.00	\$17,638,359.00	\$4,291,121.10
BARING ASSET MANAGEMENT	\$0.00	\$0.00	\$0.00	\$0.00
BRANDYWINE ASSET MANAGEMENT	\$17,026,356.00	\$13,110,326.00	\$3,916,030.00	(\$3,915,904.68)
BRIDGEWATER ASSOCIATES	\$0.00	\$0.00	\$0.00	\$0.00
JULIUS BAER INVESTMENT MANAGEMENT INC.	\$0.00	\$0.00	\$0.00	\$0.00
MONDRIAN INVESTMENT PARTNERS	\$0.00	\$0.00	\$0.00	\$0.00
PIMCO INTL FIXED INCOME	\$1,000,985,783.00	\$940,113,415.00	\$60,872,368.00	\$909,860.35
ROGGE GLOBAL PARTNERS	\$60,588,778.00	\$31,763,385.00	\$28,825,393.00	\$786,429.67
WELLINGTON MANAGEMENT COMPANY	\$0.00	\$0.00	\$0.00	
WESTERN ASSET MANAGEMENT	\$193,733,203.00	\$196,115,070.00	(\$2,381,867.00)	\$86,256.64
<b>TOTAL</b>	<b>\$1,589,591,459.00</b>	<b>\$1,480,721,176.00</b>	<b>\$108,870,283.00</b>	<b>\$2,157,763.08</b>
<b>Short-term Investment Fund</b>	<b>\$343,345,388.22</b>	<b>\$234,376,663.11</b>	<b>\$108,968,725.11</b>	

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When summing net amounts on this report, there may be breakage.

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# FIXED INCOME SUMMARY

DOMESTIC MANAGERS PORTFOLIO SUMMARY

External Domestic

July 31, 2007



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## FIXED INCOME MANAGERS:

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
LM CAPITAL - INVESTMENTS	\$195,090,164.62	99.95%	\$193,154,030.32	98.73%
LM CAPITAL - VENTURE	\$106,647.22	0.05%	\$2,482,790.69	1.27%
<b>TOTAL</b>	<u>\$195,196,811.84</u>	<u>100.00%</u>	<u>\$195,636,821.01</u>	<u>100.00%</u>

\* INCLUDES CASH AND CASH EQUIVALENTS

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# FIXED INCOME TRANSACTIONS

DOMESTIC MANAGERS PORTFOLIO TRANSACTIONS

External Domestic

July 31, 2007



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<b>FIXED INCOME MANAGERS</b>	<b>PURCHASES</b>	<b>SALES</b>	<b>NET INVESTMENT</b>	<b>REALIZED CAPITAL GAIN/ LOSS</b>
<i>PORTFOLIO TRANSACTIONS</i>				
DFI CASH SWEEP ACCOUNT	\$863,306,952.00	\$3,944,895,750.00	(\$3,081,588,798.00)	\$136,064,750.34
HIGH YIELD ACCOUNTING	\$0.00	\$0.00	\$0.00	
HIGHLAND CAPITAL DISTRESSED FUND	\$0.00	\$99,321.00	(\$99,321.00)	\$0.10
LM CAPITAL - INVESTMENTS	\$26,623,971.00	\$22,805,295.00	\$3,818,676.00	(\$472,432.26)
LM CAPITAL - VENTURE	\$0.00	\$0.00	\$0.00	
<b>TOTAL</b>	<b>\$889,930,923.00</b>	<b>\$3,967,800,366.00</b>	<b>(\$3,077,869,443.00)</b>	<b>\$135,592,318.18</b>
<b>Short-term Investment Fund</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	

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August-07

FIXED INCOME TRANSACTIONS  
Member Home Loan Program

										This represents each program's portion of the total EAY% for all the total programs (calculated by dividing each program's par value \$amt by the total \$amt for all programs and then multiplying by each program's EAY%)		
Date of Commitment		Date of Payment	Loan Type	Nominal Rate	Wgtd % of Nominal Rate	Price	Wgtd Avg Price based on PAR value	Net Yield & (Bond Eq. Rate)	Market Value	Cost	Effective Annual Yield (to calculate see notes)	This represents the % that each loan funding contributes to that program
PURCHASES												
Sep-81	Aug-07	FNMA 15YR		5.00 %					\$ 1,394,759.05	\$ 1,411,358.00	5.06 %	
Sep-81	Aug-07	FNMA 15YR		5.50 %					\$ 1,949,110.06	\$ 1,952,099.00	5.58 %	
Sep-81	Aug-07	FNMA 15YR		5.50 %					\$ 2,385,265.88	\$ 2,381,343.00	5.58 %	
Sep-81	Aug-07	FNMA 20YR		5.50 %					\$ 1,571,464.13	\$ 1,581,170.00	5.58 %	
Sep-81	Aug-07	FNMA 30YR		6.00 %					\$ 4,945,856.93	\$ 4,918,322.00	6.09 %	
Sep-81	Aug-07	FNMA 30YR		5.50 %					\$ 9,196,971.81	\$ 9,259,122.00	5.58 %	
Sep-81	Aug-07	FNMA 30YR		5.50 %					\$ 20,648,234.93	\$ 20,841,686.00	5.58 %	
Sep-81	Aug-07			5.54 %					\$ 42,091,662.79	\$ 42,345,100.00	5.62 %	5.62 %
GRAND TOTAL OF PURCHASES:									\$ 42,091,662.79	\$42,345,100.00		5.62 %



FIXED INCOME TRANSACTIONS  
Member Home Loan Program

August-07

											This represents each program's portion of the total EAY% for all the total program: (calculated by dividing each program's par value \$amt by the total \$amt for all programs and then multiplying by each program's EAY%)											
Date of Commitment			Date of Payment		Loan Type		Nominal Rate		Wgtd % of Nominal Rate		Wgtd Avg Price based on PAR value		Net Yield & (Bond Eq. Rate)		Market Value		Cost		Effective Annual Yield (to calculate see notes)		This represents the % that each loan funding contributes to that program	

SALES

For the month of August, there were no sales for AFL-CIO, CCMF, ULLICO, FNMA & GNMA Private Securities or FNMA & GNMA Personal Loans.

# High Yield Performance

## Performance VS Benchmark

### CalPERS High Yield

Total Rate of Return as of August 31, 2007

<b><u>Asset Class</u></b>	<b>1 Month</b>	<b>3 Months</b>	<b>Fiscal YTD</b>	<b>One Year</b>	<b>Annualized Return Since Inception *</b>
CalPERS High Yield	1.09%	(4.94%)	(0.17%)	6.63%	15.14%
CalPERS High Yield Cash Pay	1.58%	(3.75%)	(1.88%)	6.38%	7.02%

\*Prior data is not available as the High Yield portfolio was combined with the investment grade portfolio prior to November 1999.

# EQUITY SUMMARY

INTERNAL PORTFOLIO SUMMARY

Internal Domestic and International

July 31, 2007



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## EQUITY MANAGERS:

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
ACTIVE CURRENCY OVERLAY - INTERNAL	-\$813,498.15	0.00%	-\$813,498.15	0.00%
CALIFORNIA UNDERSERVED FUND	\$210,138,262.38	0.38%	\$206,909,743.79	0.21%
CALPERS	\$5,098,960,480.25	9.10%	\$5,077,855,798.60	5.26%
CASH EQUITIZATION	\$11,805,230.38	0.02%	\$11,805,230.38	0.01%
COMMODITIES	\$492,261,221.09	0.88%	\$525,185,738.70	0.54%
CURRENCY OVERLAY - SWER - CASH EQUITY	-\$3,230,948.24	-0.01%	-\$3,230,948.24	0.00%
DOMESTIC FUNDAMENTAL	\$1,048,085,449.34	1.87%	\$1,152,544,999.91	1.19%
DYNAMIC COMPLETION FUND	\$4,095,507,390.75	7.31%	\$4,685,356,878.69	4.85%
EXTERNAL DOMESTIC EQUITY TRANSITION	\$287,916.00	0.00%	\$247,524.00	0.00%
EXTERNAL INTERNATIONAL EQUITY TRANSITION	\$58,692,662.38	0.10%	\$59,666,362.58	0.06%
FUNDAMENTAL DEVELOPED INTL (EX-TOBACCO)	\$1,063,927,931.46	1.90%	\$1,127,138,630.30	1.17%
FUNDAMENTAL EMERGING MARKETS	\$99,670,649.90	0.18%	\$108,517,101.43	0.11%
INTERNAL DOMESTIC EQUITY TRANSITION	\$0.00	0.00%	\$0.00	0.00%
INTERNAL GOVERNANCE FOR OWNERS	\$75,696,582.95	0.14%	\$67,560,565.23	0.07%
INTERNAL INTERNATIONAL EQUITY TRANSITION	\$10,813,274.91	0.02%	\$10,813,274.91	0.01%
INTERNAL INTL EQ PERF ACCTG	\$18,991,298,496.33	33.89%	\$23,066,437,798.62	23.87%

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# EQUITY SUMMARY

INTERNAL PORTFOLIO SUMMARY

Internal Domestic and International

July 31, 2007



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## EQUITY MANAGERS:

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
INTERNAL MICRO CAP PORTFOLIO	\$757,922,308.73	1.35%	\$778,610,226.83	0.81%
INTERNAL RELATIONAL	\$324,887,456.19	0.58%	\$440,034,981.81	0.46%
KNIGHT VINKE INTERNAL PORTFOLIO	\$151,462,599.99	0.27%	\$173,027,329.15	0.18%
NEW MOUNTAIN INTERNAL	\$100,000,000.00	0.18%	\$116,428,300.00	0.12%
PERS HOLDING FUND	\$53,020,212.34	0.09%	\$93,501,305.87	0.10%
PERS INTERNAL 2500 INDEX FUND	\$23,289,106,469.15	41.56%	\$58,819,874,817.99	60.87%
STRUCTURED EMERGING MARKETS	\$101,755,806.25	0.18%	\$108,215,245.43	0.11%
<b>TOTAL</b>	<u>\$56,031,255,954.38</u>	<u>100.00%</u>	<u>\$96,625,687,407.83</u>	<u>100.00%</u>

\* INCLUDES CASH AND CASH EQUIVALENTS

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# EQUITY TRANSACTIONS

INTERNAL PORTFOLIO TRANSACTIONS

Internal Management

July 31, 2007



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INTERNAL MANAGEMENT	PURCHASES	SALES	NET INVESTMENT	REALIZED CAPITAL GAIN/ LOSS
<i>PORTFOLIO TRANSACTIONS</i>				
ACTIVE CURRENCY OVERLAY - INTERNAL	\$0.00	\$0.00	\$0.00	
CALIFORNIA UNDERSERVED FUND	\$0.00	\$0.00	\$0.00	\$164,510.00
RELATIONAL INVESTORS	\$1,640,115,952.00	\$1,635,768,976.00	\$4,346,976.00	\$58,362,758.00
CASH EQUITIZATION	\$76,500.00	\$106,188.00	(\$29,688.00)	\$0.00
COMMODITIES	\$0.00	\$2,389,000.00	(\$2,389,000.00)	\$37,374.00
CURRENCY OVERLAY - SWER - CASH EQUITY	\$0.00	\$0.00	\$0.00	
DOMESTIC FUNDAMENTAL	\$12,958,706.00	\$11,526,302.00	\$1,432,404.00	\$921,143.00
DYNAMIC COMPLETION FUND	\$81,775,395.00	\$75,137,502.00	\$6,637,893.00	\$4,338,165.00
EXTERNAL DOMESTIC EQUITY TRANSITION	\$0.00	\$0.00	\$0.00	
EXTERNAL INTERNATIONAL EQUITY TRANSITION	\$1,084,510,807.00	\$1,106,317,592.00	(\$21,806,785.00)	(\$6,920,272.00)
FUNDAMENTAL DEVELOPED INTL (EX-TOBACCO)	\$11,007,737.00	\$7,477,459.00	\$3,530,278.00	\$65,878.00
FUNDAMENTAL EMERGING MARKETS	\$993,363.00	\$1,044,544.00	(\$51,181.00)	(\$2,727.00)
INTERNAL DOMESTIC EQUITY TRANSITION	\$0.00	(\$397.00)	\$397.00	(\$398.00)
INTERNAL GOVERNANCE FOR OWNERS	\$75,696,583.00	\$0.00	\$75,696,583.00	\$0.00
INTERNAL INTERNATIONAL EQUITY TRANSITION	\$3,020,909,997.00	\$2,996,805,482.00	\$24,104,515.00	(\$24,017,066.00)
INTERNAL INTL EQ PERF ACCTG	\$0.00	\$3,017,979,579.00	(\$3,017,979,579.00)	\$648,093,988.00
INTERNAL MICRO CAP PORTFOLIO	\$5,714,837.00	\$20,399,918.00	(\$14,685,081.00)	\$3,333,918.00
INTERNAL RELATIONAL	\$0.00	\$40,488,852.00	(\$40,488,852.00)	\$27,971,612.00
KNIGHT VINKE INTERNAL PORTFOLIO	\$0.00	\$0.00	\$0.00	
NEW MOUNTAIN INTERNAL	\$0.00	\$0.00	\$0.00	
PERS HOLDING FUND	\$0.00	\$0.00	\$0.00	

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# EQUITY TRANSACTIONS

INTERNAL PORTFOLIO TRANSACTIONS

Internal Management

July 31, 2007



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INTERNAL MANAGEMENT	PURCHASES	SALES	NET INVESTMENT	REALIZED CAPITAL GAIN/ LOSS
<i>PORTFOLIO TRANSACTIONS</i>				
PERS INTERNAL 2500 INDEX FUND	\$63,146,996.00	\$235,455,316.00	(\$172,308,320.00)	\$104,386,933.00
STRUCTURED EMERGING MARKETS	\$3,072,509.00	\$3,023,898.00	\$48,611.00	\$164,805.00
<b>TOTAL</b>	<b>\$5,999,979,382.00</b>	<b>\$9,153,920,211.00</b>	<b>(\$3,153,940,829.00)</b>	<b>\$816,900,621.00</b>
 <b>Short-term Investment Fund</b>	 \$0.00	 \$0.00	 \$0.00	

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## **EQUITY SUMMARY AND TRANSACTIONS**

### **Corporate Actions**

PERF – 2500 Index Fund  
August 1-31, 2007

- EGL Inc (EAGL) was acquired by Apollo Management LP (APOLLZ) for \$47.50 per share. CalPERS owned 139,270 shares of EAGL and received \$6,615,325.00 for a gain of \$4,184,797.69.
- Tanox Inc (TNOX) was acquired by Genentech Inc (DNA) for \$20.00 per share. CalPERS owned 180,500 shares of TNOX and received \$3,610,000.00 for a gain of \$850,790.15.
- Aquantive Inc (AQNT) was acquired by Microsoft Corp (MSFT) for \$66.50 per share. CalPERS owned 312,090 shares of AQNT and received \$20,753,985.00 for a gain of \$17,860,668.63.
- Option Care Inc (OPTN) was acquired by Walgreen Co (WAG) for \$19.50 per share. CalPERS owned 20,850 shares of OPTN and received \$405,575.00 for a gain of \$131,273.20.
- Aeroflex Inc (ARXX) was acquired by Veritas Holdings for \$14.50 per share. CalPERS owned 420,440 shares of ARXX and received \$6,096,380.00 for a gain of \$1,491,532.87
- Inter-Tel Inc (INTL) was acquired by Mitel Networks Corp for \$25.60 per share. CalPERS owned 181,500 shares of INTL and received \$4,646,400.00 for a gain of \$1,897,631.34.
- Vertrue Inc (VTRU) was acquired by a consortium for \$50.00 per share. CalPERS owned 2,200 shares of VTRU and received \$110,000.00 for a gain of \$7,649.62.
- Color Kinetics Inc (CLRK) was acquired by Royal Philips (PHIA) for \$34.00 per share. CalPERS owned 137,200 shares of CLRK and received \$4,664,800.00 for a gain of \$1,945,631.33.
- Keyspan Corp (KSE) was acquired by National Grid PLC for \$42.00 per share. CalPERS owned 532,780 shares of KSE and received \$22,376,760.00 for a gain of \$9,590,223.02.
- Ohio Casualty Corp (OCAS) was acquired by Liberty Mutual Group Inc for \$44.00 per share. CalPERS owned 489,360 shares of OCAS and received \$21,531,840.00 for a gain of 15,721,998.18.

# EQUITY SUMMARY

## DOMESTIC MANAGERS PORTFOLIO SUMMARY

External Domestic

July 31, 2007



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### EQUITY MANAGERS:

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
ANALYTIC INVESTORS LONG/SHORT	\$1,049,462,395.81	4.88%	\$1,019,972,935.19	4.32%
ATLANTIC ASSET MANAGEMENT	\$402,815,551.01	1.87%	\$398,069,549.69	1.69%
AXA ROSENBERG INV MGMT	\$131,404,535.54	0.61%	\$142,181,189.12	0.60%
BGI - US RUSSELL 1000 ALPHA TILTS	\$1,130,802,249.45	5.26%	\$1,212,207,467.32	5.14%
BLUM STRATEGIC PARTNERS II	\$35,601,788.00	0.17%	\$41,140,593.46	0.17%
BLUM STRATEGIC PARTNERS III	\$193,007,468.00	0.90%	\$216,951,525.53	0.92%
BOSTON COMPANY ASSET MGMT	\$691,489,652.20	3.21%	\$784,287,713.62	3.32%
BREEDEN PARTNERS	\$386,960,000.00	1.80%	\$414,740,632.32	1.76%
BROADMARK-VENTURE	\$1,890,900.00	0.01%	\$0.00	0.00%
RELATIONAL INVESTORS	\$997,717,766.70	4.64%	\$1,299,314,877.24	5.51%
CALPERS HEDGE FUND - UBS	\$3,506,500,000.00	16.30%	\$4,032,443,878.50	17.10%
CALPERS HEDGE FUND PARTNERS	\$409,868,855.65	1.91%	\$814,786,276.64	3.45%
DENALI INVESTMENT ADVISORS-INVESTMENT	\$168,982,203.97	0.79%	\$186,482,972.30	0.79%
DENALI INVESTMENT ADVISORS-VENTURES	\$2,128,500.00	0.01%	\$2,904,659.65	0.01%
FRANKLIN PORTFOLIO ASSOCIATES	\$1,007,922,715.12	4.69%	\$1,081,755,077.47	4.59%
GEEWAX TERKER & COMPANY	\$536,506,962.36	2.49%	\$576,675,603.10	2.44%
GOLDEN CAPITAL - ENHANCED LARGE CAP	\$750,908,273.18	3.49%	\$776,711,128.81	3.29%
GOLDEN CAPITAL, LLC	\$1.00	0.00%	\$0.00	0.00%
GOLDMAN SACHS SMALL CAP	\$469,778,501.00	2.18%	\$465,265,697.74	1.97%

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# EQUITY SUMMARY

## DOMESTIC MANAGERS PORTFOLIO SUMMARY

External Domestic

July 31, 2007



**STATE STREET.**  
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### EQUITY MANAGERS:

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
INTECH	\$1,127,839,596.20	5.24%	\$1,241,135,151.42	5.26%
JACOBS LEVY LARGE CAP GROWTH	\$512,152,375.62	2.38%	\$525,396,868.09	2.23%
MARVIN & PALMER LARGE CAP GROWTH	\$487,250,786.90	2.27%	\$527,484,764.29	2.24%
NEW AMSTERDAM PARTNERS	\$75,116,953.52	0.35%	\$81,259,450.25	0.34%
NEW MOUNTAIN CAPITAL	\$200,000,000.00	0.93%	\$217,424,400.00	0.92%
PIEDMONT LARGE CAP CORE	\$100,743,319.30	0.47%	\$104,647,705.37	0.44%
PIEDMONT VENTURES	\$3,207,928.65	0.01%	\$3,207,928.65	0.01%
PZENA INVESTMENT MGMT	\$736,425,763.23	3.42%	\$788,960,569.30	3.34%
QMA LONG/SHORT	\$1,125,586,913.69	5.23%	\$1,104,490,187.71	4.68%
RIGEL CAPITAL MGMT-LARGE CAP GROWTH	\$196,753,474.40	0.91%	\$209,619,770.35	0.89%
RIGEL CAPITAL MGMT-VENTURES	\$238,095.48	0.00%	\$7,902,508.03	0.03%
SANFORD C. BERSTEIN & CO.	\$720,444,556.39	3.35%	\$805,831,815.23	3.42%
SHAMROCK PARTNERS GOVERNANCE FUND, LLC	\$102,687,932.00	0.48%	\$120,984,559.66	0.51%
SHENANDOAH	\$154,402,427.90	0.72%	\$161,682,500.84	0.69%
SHENANDOAH ASSET MGMT-VENTURES	\$1,475,752.41	0.01%	\$733,252.67	0.00%
SMITH ASSET-LARGE CAP	\$156,682,378.66	0.73%	\$184,526,194.49	0.78%
SMITH ASSET-SMALL CAP	\$55,130,886.26	0.26%	\$66,070,382.55	0.28%
SMITH ASSET-VENTURES	\$0.00	0.00%	\$12,036,184.36	0.05%
SMITH BREEDEN	\$679,181,608.18	3.16%	\$668,114,002.52	2.83%

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Prepared by State Street

# EQUITY SUMMARY

## DOMESTIC MANAGERS PORTFOLIO SUMMARY

External Domestic

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**STATE STREET.**  
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### EQUITY MANAGERS:

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SMITH GRAHAM & CO VENTURES	\$2,970,000.00	0.01%	\$2,970,000.00	0.01%
SSGA ENVIRO DOMESTIC	\$80,343,141.04	0.37%	\$86,573,336.55	0.37%
SSGA LONG/SHORT	\$1,026,446,467.34	4.77%	\$983,459,440.22	4.17%
STUX CAPITAL MGMT-INVESTMENTS	\$255,443,195.38	1.19%	\$277,387,141.23	1.18%
STUX CAPITAL MGMT-VENTURES	\$1,142,857.15	0.01%	\$2,003,293.73	0.01%
T. ROWE PRICE	\$637,279,454.85	2.96%	\$690,478,178.64	2.93%
TIMELESS INV & RES MGMT - VENTURE	\$1,302,347.08	0.01%	\$805,661.86	0.00%
TURNER LARGE CAP GROWTH	\$510,347,774.06	2.37%	\$564,181,490.25	2.39%
WAMCO	\$687,014,512.78	3.19%	\$682,397,629.51	2.89%
<b>TOTAL</b>	<u>\$21,511,358,817.46</u>	<u>100.00%</u>	<u>\$23,587,656,145.47</u>	<u>100.00%</u>

\* INCLUDES CASH AND CASH EQUIVALENTS

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Prepared by State Street

# EQUITY TRANSACTIONS

DOMESTIC MANAGERS PORTFOLIO TRANSACTIONS

External Domestic

July 31, 2007



**STATE STREET.**  
Serving Institutional Investors Worldwide™

<u>EQUITY MANAGERS</u>	<u>PURCHASES</u>	<u>SALES</u>	<u>NET INVESTMENT</u>	<u>REALIZED CAPITAL GAIN/ LOSS</u>
<i>PORTFOLIO TRANSACTIONS</i>				
ANALYTIC INVESTORS LONG/SHORT	\$333,867,764.00	\$335,746,892.00	(\$1,879,128.00)	\$7,841,541.48
ATLANTIC ASSET MANAGEMENT	\$79,094,085.00	\$84,184,602.00	(\$5,090,517.00)	\$6,577,874.72
AXA ROSENBERG INV MGMT	\$22,408,266.00	\$22,014,894.00	\$393,372.00	\$1,089,906.84
BGI - US RUSSELL 1000 ALPHA TILTS	\$65,944,219.00	\$64,676,405.00	\$1,267,814.00	\$11,212,012.94
BLUM STRATEGIC PARTNERS II	\$35,601,788.00	\$0.00	\$35,601,788.00	\$0.00
BLUM STRATEGIC PARTNERS III	\$81,631,828.00	\$0.00	\$81,631,828.00	\$0.00
BOSTON COMPANY ASSET MGMT	\$57,631,491.00	\$58,443,978.00	(\$812,487.00)	\$8,077,959.33
BREEDEN PARTNERS	\$15,750,000.00	\$0.00	\$15,750,000.00	\$0.00
BROADMARK-VENTURE	\$0.00	\$0.00	\$0.00	
RELATIONAL INVESTORS	\$0.00	\$19,754,908.00	(\$19,754,908.00)	\$10,025,392.18
CALPERS HEDGE FUND - UBS	\$75,000,000.00	\$0.00	\$75,000,000.00	\$0.00
CALPERS HEDGE FUND PARTNERS	\$0.00	\$0.00	\$0.00	
DENALI INVESTMENT ADVISORS-INVESTM	\$17,592,778.00	\$17,396,655.00	\$196,123.00	\$2,739,569.60
DENALI INVESTMENT ADVISORS-VENTURE	\$0.00	\$0.00	\$0.00	
FRANKLIN PORTFOLIO ASSOCIATES	\$80,595,811.00	\$87,244,598.00	(\$6,648,787.00)	\$3,793,025.37
GEEWAX TERKER & COMPANY	\$84,620,463.00	\$86,718,866.00	(\$2,098,403.00)	\$9,963,212.65

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# EQUITY TRANSACTIONS

DOMESTIC MANAGERS PORTFOLIO TRANSACTIONS

External Domestic

July 31, 2007



**STATE STREET.**  
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<u>EQUITY MANAGERS</u>	<u>PURCHASES</u>	<u>SALES</u>	<u>NET INVESTMENT</u>	<u>REALIZED CAPITAL GAIN/ LOSS</u>
<i>PORTFOLIO TRANSACTIONS</i>				
GOLDEN CAPITAL - ENHANCED LARGE C	\$43,120,705.00	\$42,122,590.00	\$998,115.00	\$851,107.63
GOLDEN CAPITAL, LLC	\$0.00	\$0.00	\$0.00	
GOLDMAN SACHS SMALL CAP	\$98,088,163.00	\$97,665,135.00	\$423,028.00	\$1,695,400.20
INTECH	\$119,529,057.00	\$114,254,194.00	\$5,274,863.00	\$10,310,184.90
JACOBS LEVY LARGE CAP GROWTH	\$78,887,446.00	\$77,188,029.00	\$1,699,417.00	\$4,856,071.12
MARVIN & PALMER LARGE CAP GROWTH	\$102,654,268.00	\$105,446,043.00	(\$2,791,775.00)	\$2,716,627.71
NEW AMSTERDAM PARTNERS	\$2,514,632.00	\$1,345,612.00	\$1,169,020.00	\$38,691.02
NEW MOUNTAIN CAPITAL	\$0.00	\$0.00	\$0.00	
PIEDMONT LARGE CAP CORE	\$5,726,793.00	\$5,608,490.00	\$118,303.00	\$468,320.06
PIEDMONT VENTURES	\$0.00	\$0.00	\$0.00	
PZENA INVESTMENT MGMT	\$43,207,518.00	\$38,960,783.00	\$4,246,735.00	\$6,299,410.72
QMA LONG/SHORT	\$162,760,725.00	\$161,644,545.00	\$1,116,180.00	\$3,027,803.09
RIGEL CAPITAL MGMT-LARGE CAP GROW	\$53,978,192.00	\$58,873,953.00	(\$4,895,761.00)	\$2,063,267.68
RIGEL CAPITAL MGMT-VENTURES	\$0.00	\$0.00	\$0.00	
SANFORD C. BERSTEIN & CO.	\$10,881,574.00	\$12,988,831.00	(\$2,107,257.00)	\$283,686.81
SHAMROCK PARTNERS GOVERNANCE FU	\$7,750,000.00	\$0.00	\$7,750,000.00	\$0.00

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# EQUITY TRANSACTIONS

DOMESTIC MANAGERS PORTFOLIO TRANSACTIONS

External Domestic

July 31, 2007



**STATE STREET.**  
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<u>EQUITY MANAGERS</u>	<u>PURCHASES</u>	<u>SALES</u>	<u>NET INVESTMENT</u>	<u>REALIZED CAPITAL GAIN/ LOSS</u>
<i>PORTFOLIO TRANSACTIONS</i>				
SHENANDOAH	\$30,298,524.00	\$27,485,564.00	\$2,812,960.00	\$3,839,301.10
SHENANDOAH ASSET MGMT-VENTURES	\$0.00	\$0.00	\$0.00	
SMITH ASSET-LARGE CAP	\$21,547,228.00	\$21,114,813.00	\$432,415.00	\$471,641.28
SMITH ASSET-SMALL CAP	\$9,829,859.00	\$7,198,840.00	\$2,631,019.00	\$180,390.35
SMITH ASSET-VENTURES	\$0.00	\$0.00	\$0.00	
SMITH BREEDEN	\$164,413,791.00	\$224,221,191.00	(\$59,807,400.00)	(\$1,387,740.62)
SMITH GRAHAM & CO VENTURES	\$0.00	\$0.00	\$0.00	
SSGA ENVIRO DOMESTIC	\$105,083.00	\$0.00	\$105,083.00	\$0.00
SSGA LONG/SHORT	\$89,908,373.00	\$84,340,007.00	\$5,568,366.00	(\$6,301,621.98)
STUX CAPITAL MGMT-INVESTMENTS	\$27,149,373.00	\$27,347,951.00	(\$198,578.00)	\$3,343,168.49
STUX CAPITAL MGMT-VENTURES	\$0.00	\$0.00	\$0.00	
T. ROWE PRICE	\$32,794,950.00	\$34,073,082.00	(\$1,278,132.00)	\$4,498,004.05
TIMELESS INV & RES MGMT - VENTURE	\$0.00	\$0.00	\$0.00	
TURNER LARGE CAP GROWTH	\$34,612,906.00	\$26,876,159.00	\$7,736,747.00	\$2,441,207.86
WAMCO	\$165,596,488.00	\$181,468,497.00	(\$15,872,009.00)	(\$449,128.26)

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# EQUITY TRANSACTIONS

DOMESTIC MANAGERS PORTFOLIO TRANSACTIONS

External Domestic

July 31, 2007



**STATE STREET.**  
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<u>EQUITY MANAGERS</u>	<u>PURCHASES</u>	<u>SALES</u>	<u>NET INVESTMENT</u>	<u>REALIZED CAPITAL GAIN/ LOSS</u>
<i>PORTFOLIO TRANSACTIONS</i>				
<b>TOTAL</b>	\$2,255,094,141.00	\$2,126,406,107.00	\$128,688,034.00	\$100,566,288.32
<b>Short-term Investment Fund</b>	\$4,029,746.02	\$2,515,393.62	\$1,514,352.40	

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# EQUITY SUMMARY

INTERNATIONAL MANAGERS

External International



**STATE STREET.**  
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July 31, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
47 DEGREES NORTH FUND OF EMERGING FUNDS	\$100,000,000.00	0.50%	\$104,150,600.00	0.39%
ACADIAN ASSET MANAGEMENT	\$1,175,388,914.51	5.93%	\$1,425,766,834.99	5.36%
ACTIVE VALUE FUND - CALPERS	\$388.67	0.00%	\$388.67	0.00%
ALLIANCE BERSTEIN	\$863,198,909.50	4.36%	\$1,425,754,563.44	5.36%
ALLIANCE LARGE CAP GROWTH	\$548,379,345.43	2.77%	\$668,118,861.14	2.51%
ALLIANCE STRATEGIC VALUE	\$608,865,850.03	3.07%	\$784,416,086.42	2.95%
AQR CAPITAL MANAGEMENT, LLC	\$1,095,368,626.12	5.53%	\$1,306,335,340.13	4.91%
ARROWSTREET CAPITAL	\$1,055,189,299.13	5.32%	\$1,251,052,405.15	4.70%
ARROWSTREET CAPITAL L.P. - VENTURES	\$78,437.50	0.00%	\$5,631,719.87	0.02%
ARROWSTREET-INVESTMENTS	\$184,330,911.93	0.93%	\$216,869,368.37	0.81%
ARTISAN PARTNERS, LP.	\$1,621.66	0.00%	\$1,621.66	0.00%
AXA ROSENBERG INVESTMENT MANAGEMENT LLC	\$1,029,890,288.29	5.20%	\$1,370,666,754.90	5.15%
BAILLIE GIFFORD OVERSEAS LTD	\$709,708,821.98	3.58%	\$1,189,066,150.86	4.47%
BARING INTERNATIONAL INVESTMENT, LTD.	\$731,009,476.18	3.69%	\$966,172,776.82	3.63%
BATTERYMARCH EMERGING MKTS	\$530,593,850.69	2.68%	\$576,092,564.54	2.16%
BGI - INTL ALPHA TILTS	\$1,217,814,156.40	6.15%	\$1,483,054,732.10	5.57%
BRANDYWINE ASSET MGMT	\$80,051,782.31	0.40%	\$88,226,883.27	0.33%
CAPITAL GUARDIAN TRUST COMPANY	\$543,700,440.54	2.74%	\$747,616,053.64	2.81%
DIMENSIONAL FUND ADVISORS, INC.	\$552,393,088.57	2.79%	\$1,350,265,469.28	5.07%
ERMITAGE EUROPEAN FUND OF FUNDS	\$125,000,000.00	0.63%	\$135,584,625.00	0.51%

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# EQUITY SUMMARY

INTERNATIONAL MANAGERS

External International



**STATE STREET.**  
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July 31, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
EUROPANEL EUROPEAN FUND OF FUNDS	\$100,000,000.00	0.50%	\$106,733,600.00	0.40%
FORTRESS - GAGFAH	\$103,627,050.16	0.52%	\$87,102,341.13	0.33%
FORTRESS - GAGFAH OVERLAY	-\$6,407,324.01	-0.03%	-\$6,407,324.01	-0.02%
GENESIS ASSET MANAGERS	\$918,590,576.71	4.64%	\$1,387,640,527.14	5.21%
GOVERNANCE FOR OWNERS	\$199,607,737.17	1.01%	\$243,163,050.77	0.91%
GRANTHAM, MAYO, VO & CO., LLC	\$813,794,540.29	4.11%	\$1,185,075,449.19	4.45%
HERMES EUROPEAN FUND	\$100,000,000.00	0.50%	\$291,106,872.04	1.09%
HERMES FOCUS ASSET MANAGEMENT LIMITED	\$218,873,996.78	1.10%	\$425,379,857.13	1.60%
INTERNATIONAL REIT	\$545,306,995.37	2.75%	\$650,207,393.14	2.44%
KCB ASIAN FUND OF FUNDS	\$150,000,000.00	0.76%	\$167,735,550.00	0.63%
KNIGHT VINKE INSTITUTIONAL PARTNERS	\$160,096,645.81	0.81%	\$204,717,985.99	0.77%
LAZARD EMERGING MKTS	\$570,128,700.54	2.88%	\$581,161,915.75	2.18%
NEW STAR INSTITUTIONAL MANAGERS LTD.	\$587,336,389.03	2.96%	\$712,656,927.83	2.68%
NOMURA ASSET MANAGEMENT USA INC.	\$875,768,254.66	4.42%	\$1,280,792,542.53	4.81%
NORTHROAD CAPITAL MGMT - VENTURES	\$1,453,721.26	0.01%	\$4,352,688.59	0.02%
NORTHROAD CAPITAL MGMT-INVESTMENTS	\$83,592,033.86	0.42%	\$108,445,465.45	0.41%
OECHSLE INTERNATIONAL ADVISORS	\$0.20	0.00%	\$0.20	0.00%
PARETO CURRENCY OVERLAY	-\$7,249,772.60	-0.04%	-\$6,969,226.94	-0.03%
PICTET EMERGING MKTS	\$519,673,646.50	2.62%	\$564,797,150.76	2.12%
PYRFORD INTL PLC-INVESTMENTS	\$145,609,997.35	0.73%	\$161,492,286.26	0.61%

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# EQUITY SUMMARY

INTERNATIONAL MANAGERS

External International



**STATE STREET.**  
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**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
PYRFORD INTL PLC-VENTURES	\$24,066.74	0.00%	\$6,410,866.29	0.02%
QMA INTERNATIONAL	\$907,987,956.14	4.58%	\$1,050,706,001.72	3.95%
ROBECO USA	\$537,247,827.06	2.71%	\$649,302,216.03	2.44%
SPARX ASIAN FUND OF FUNDS	\$75,000,000.00	0.38%	\$87,590,025.00	0.33%
SPARX VALUE CREATION FUND	\$364,729,378.12	1.84%	\$513,758,166.75	1.93%
SSGA CURRENCY FORWARDS	-\$7,463,831.71	-0.04%	-\$7,463,831.71	-0.03%
SSGA ENVIRO INTL	\$112,623,471.69	0.57%	\$134,620,246.36	0.51%
STATE STREET BANK AND TRUST COMPANY	\$1,165,834.24	0.01%	\$1,165,834.24	0.00%
TAIYO FUND MANAGEMENT CO. LLC	\$295,284,924.00	1.49%	\$590,759,420.92	2.22%
UBS EUROPEAN FUND OF FUNDS	\$150,000,000.00	0.76%	\$168,492,450.00	0.63%
VISION ASIAN FUND OF FUNDS	\$150,000,000.00	0.76%	\$171,212,250.00	0.64%
<b>TOTAL</b>	<u>\$19,817,367,024.80</u>	<u>100.00%</u>	<u>\$26,610,582,498.80</u>	<u>100.00%</u>

\* INCLUDES CASH AND CASH EQUIVALENTS

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# EQUITY TRANSACTIONS

INTERNATIONAL MANAGERS

External International

July 31, 2007



**STATE STREET.**  
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**EQUITY MANAGERS:**

	<b><u>PURCHASES</u></b>	<b><u>SALES</u></b>	<b><u>NET INVESTMENT</u></b>	<b><u>REALIZED CAPITAL GAIN/ LOSS</u></b>
<i>PORTFOLIO TRANSACTIONS</i>				
47 DEGREES NORTH FUND OF EMERGING FUNDS	\$0.00	\$0.00	\$0.00	
ACADIAN ASSET MANAGEMENT	\$92,139,232.00	\$89,716,077.00	\$2,423,155.00	\$13,393,334.76
ACTIVE VALUE FUND - CALPERS	\$0.00	\$0.00	\$0.00	
ALLIANCE BERSTEIN	\$59,618,369.00	\$249,424,873.00	(\$189,806,504.00)	\$101,181,965.28
ALLIANCE LARGE CAP GROWTH	\$57,078,738.00	\$50,657,768.00	\$6,420,970.00	\$2,178,846.90
ALLIANCE STRATEGIC VALUE	\$28,320,610.00	\$11,478,254.00	\$16,842,356.00	\$1,849,991.31
AQR CAPITAL MANAGEMENT, LLC	\$191,933,092.00	\$178,644,753.00	\$13,288,339.00	\$26,633,194.13
ARROWSTREET CAPITAL	\$140,300,775.00	\$134,036,632.00	\$6,264,143.00	\$25,369,061.92
ARROWSTREET CAPITAL L.P. - VENTURES	\$0.00	\$788,387.00	(\$788,387.00)	\$709,949.50
ARROWSTREET-INVESTMENTS	\$25,647,154.00	\$23,772,838.00	\$1,874,316.00	\$5,050,651.04
ARTISAN PARTNERS, LP.	\$0.00	\$0.00	\$0.00	
AXA ROSENBERG INVESTMENT MANAGEMENT LLC	\$78,008,334.00	\$68,439,909.00	\$9,568,425.00	\$7,363,439.47
BAILLIE GIFFORD OVERSEAS LTD	\$29,703,886.00	\$21,820,529.00	\$7,883,357.00	\$1,535,627.65
BARING INTERNATIONAL INVESTMENT, LTD.	\$29,441,840.00	\$29,316,000.00	\$125,840.00	\$6,102,356.21
BATTERYMARCH EMERGING MKTS	\$67,527,984.00	\$67,373,161.00	\$154,823.00	\$3,437,897.45
BGI - INTL ALPHA TILTS	\$73,991,255.00	\$63,995,593.00	\$9,995,662.00	\$10,192,717.08
BRANDYWINE ASSET MGMT	\$3,799,311.00	\$3,770,193.00	\$29,118.00	(\$636.49)
CAPITAL GUARDIAN TRUST COMPANY	\$239,640,930.00	\$237,523,436.00	\$2,117,494.00	\$11,576,594.50
DIMENSIONAL FUND ADVISORS, INC.	\$17,933,002.00	\$212,297,932.00	(\$194,364,930.00)	\$136,386,285.26
ERMITAGE EUROPEAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
EUROPANEL EUROPEAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
FORTRESS - GAGFAH	\$0.00	\$0.00	\$0.00	

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When summing net amounts on this report, there may be breakage.

Prepared by State Street

# EQUITY TRANSACTIONS

INTERNATIONAL MANAGERS

External International

July 31, 2007



**STATE STREET.**  
Serving Institutional Investors Worldwide™

**EQUITY MANAGERS:**

	<u>PURCHASES</u>	<u>SALES</u>	<u>NET INVESTMENT</u>	<u>REALIZED CAPITAL GAIN/ LOSS</u>
<i>PORTFOLIO TRANSACTIONS</i>				
FORTRESS - GAGFAH OVERLAY	\$0.00	\$0.00	\$0.00	
GENESIS ASSET MANAGERS	\$66,201,162.00	\$247,302,936.00	(\$181,101,774.00)	\$93,929,550.33
GOVERNANCE FOR OWNERS	\$0.00	\$0.00	\$0.00	
GRANTHAM, MAYO, VO & CO., LLC	\$513,956,493.00	\$516,063,017.00	(\$2,106,524.00)	\$11,232,874.60
HERMES EUROPEAN FUND	\$0.00	\$0.00	\$0.00	
HERMES FOCUS ASSET MANAGEMENT LIMITED	\$0.00	\$0.00	\$0.00	
INTERNATIONAL REIT	\$21,489,664.00	\$20,098,771.00	\$1,390,893.00	\$2,597,507.62
KCB ASIAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
KNIGHT VINKE INSTITUTIONAL PARTNERS	\$0.00	\$0.00	\$0.00	
LAZARD EMERGING MKTS	\$503,160,849.00	\$0.00	\$503,160,849.00	\$0.00
NEW STAR INSTITUTIONAL MANAGERS LTD.	\$53,825,174.00	\$41,400,600.00	\$12,424,574.00	\$9,560,084.16
NOMURA ASSET MANAGEMENT USA INC.	\$37,963,865.00	\$38,919,016.00	(\$955,151.00)	\$4,655,850.56
NORTHROAD CAPITAL MGMT - VENTURES	\$0.00	\$0.00	\$0.00	
NORTHROAD CAPITAL MGMT-INVESTMENTS	\$1,972,945.00	\$3,399,208.00	(\$1,426,263.00)	\$1,835,534.20
OECHSLE INTERNATIONAL ADVISORS	\$0.00	\$0.00	\$0.00	
PERETO CURRENCY OVERLAY	\$950,925.00	\$0.00	\$950,925.00	(\$867,267.00)
PHILLIPE INVTMT MGMT-VENTURES	\$0.00	\$0.00	\$0.00	
PICTET EMERGING MKTS	\$4,415,635.00	\$11,567,625.00	(\$7,151,990.00)	\$1,858,692.40
PYRFORD INTL PLC-INVESTMENTS	\$4,481,506.00	\$5,120,449.00	(\$638,943.00)	\$858,344.66
PYRFORD INTL PLC-VENTURES	\$0.00	\$0.00	\$0.00	
QMA INTERNATIONAL	\$97,224,002.00	\$94,590,938.00	\$2,633,064.00	\$14,833,868.80
ROBECO USA	\$44,543,624.00	\$52,003,384.00	(\$7,459,760.00)	\$12,141,162.47

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# EQUITY TRANSACTIONS

INTERNATIONAL MANAGERS

External International

July 31, 2007



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**EQUITY MANAGERS:**

	<b><u>PURCHASES</u></b>	<b><u>SALES</u></b>	<b><u>NET INVESTMENT</u></b>	<b><u>REALIZED CAPITAL GAIN/ LOSS</u></b>
<i>PORTFOLIO TRANSACTIONS</i>				
SPARX ASIAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
SPARX VALUE CREATION FUND	\$51,695,357.00	\$0.00	\$51,695,357.00	\$0.00
SSGA CURRENCY FORWARDS	\$0.00	\$0.00	\$0.00	
SSGA ENVIRO INTL	\$3,262,710.00	\$3,331,875.00	(\$69,165.00)	\$388,326.04
STATE STREET BANK AND TRUST COMPANY	\$0.00	\$0.00	\$0.00	
TAIYO FUND MANAGEMENT CO. LLC	\$0.00	\$0.00	\$0.00	
UBS EUROPEAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
VISION ASIAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
<b>TOTAL</b>	<b>\$2,540,228,423.00</b>	<b>\$2,476,854,154.00</b>	<b>\$63,374,269.00</b>	<b>\$505,985,804.81</b>
Short- Term Investment Fund	\$345,024,056.13	\$345,278,933.26	(\$254,877.13)	

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Prepared by State Street

CURRENT STATUS OF ALL COMPLETED CALPERS REAL ESTATE EQUITY TRANSACTIONS FOR JULY 2007

ADVISOR	PROPERTY TYPE	PROPERTY NAME	CITY	STATE	MOST RECENT APPRAISED VALUE *	ACQUISITION DATE **	DISPOSITION DATE **	HISTORIC COST *	CALPERS EQUITY SHARE OF TRANSACTION AMOUNT	ESTIMATED AFTER FEE IRR *	STATUS/ COMMENTS
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DISPOSITIONS

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Total : - - - - -

ACQUISITIONS \*\*\*

Centerline	CURE	Bristol Park****	Johns Creek	GA	N/A	06/27/07	N/A	N/A	9,561,089	11.8%	Acquisition
Centerline	CURE	Westwood Bluffs	Fresno	CA	N/A	07/02/07	N/A	N/A	4,094,872	13.0%	Acquisition
LaSalle/CalEast	Industrial	NATM 4530 36th Street	Kentwood	MI	N/A	07/06/07	N/A	N/A	491,927	10.6%	Acquisition
AEW	Senior	AEWSH Crabapple Senior Housing	Alpharetta	GA	N/A	07/19/07	N/A	N/A	1,601,560	11.9%	Acquisition
LaSalle/CalEast	Industrial	ANC Delta Complex	Anchorage	AL	N/A	07/19/07	N/A	N/A	3,588,016	10.5%	Acquisition
LaSalle/CalEast	Industrial	Depolabo - Blois*****	Blois	FRA	N/A	07/19/07	N/A	N/A	11,193,627	16.9%	Acquisition
Blackrock	Apartment	Clifton	Clifton	NJ	N/A	07/24/07	N/A	N/A	38,326,604	10.4%	Acquisition
LaSalle/CalEast	Industrial	NATM - 204-248 North Avenue	Elizabeth	NJ	N/A	07/25/07	N/A	N/A	4,499,389	11.6%	Acquisition

Total : 73,357,084

Footnotes

- \* The most recent appraised values and historic cost values represent CalPERS' share only.
- \* Based upon data provided by partners.
- \*\* Based on funding settlement date.
- \*\*\* See brief descriptions - As attached.
- \*\*\*\* Not reported in the June 2007 Transaction Report
- \*\*\*\*\* Currency in Euro

## **NEW ACQUISITION SUMMARY**

<b>Advisor Name:</b>	Centerline Urban Capital I, LLC
<b>Property Name:</b>	Bristol Park
<b>City, State:</b>	Johns Creek, Georgia
<b>Ownership:</b>	60% - Centerline Urban Capital
<b>Acquisition Date:</b>	June 27, 2007
<b>Total Project Size:</b>	\$62,343,742 Total Project Basis
<b>Net Rentable Square Feet:</b>	490,946
<b>Project Purchase Price (CalPERS Equity)*:</b>	\$9,561,089 Commitment (\$9,806,245 x 97.5%)  At closing, the funding amount was \$6,562,287
<b>Leverage Portion of Purchase*:</b>	\$26,910,000

### **Property Highlights/Investment Summary:**

#### **Property location, sub-market description:**

Centerline Urban Capital I, LLC (“Centerline Urban”) provided a \$9.8 million Investment (Joint Venture Equity) for the acquisition of a 396-unit apartment community with an address of 9700 Medlock Crossing Parkway in the City of Johns Creek, Georgia (the “Property”). The sponsor is Levin Realty Advisors and Walton Street Capital. The Property is located on Medlock Crossing Parkway, a minor street that connects to two major roads, State Bridge Road and Medlock Bridge Road.

Medlock Crossing Parkway is a u-shaped road that surrounds Medlock Crossing, a shopping center that is located across from Bristol Park. Tenants in Medlock Crossing include Starbucks, Macaroni Grill, Regal Cinemas, Quizno’s, Coldstone Creamery, and Garrison’s Steakhouse. The Property is located in very close proximity to additional retail including Whole Foods, Target, Home Depot, and Publix Market.

The Property is located in the City of Johns Creek, which was recently incorporated from Alpharetta. Johns Creek is approximately twenty-five miles north of the Atlanta Central Business District, and is one of the higher-income submarkets in the Atlanta MSA. The residents of this area are attracted by the proximity to employment centers, excellent school systems, abundant shopping and entertainment and the endless recreational activities available in this upscale suburban area. As a newly created city, the government of Johns Creek is focused on setting goals and planning for the city’s future. A top priority for the city in the coming year is the development of a Comprehensive Land Use Plan. The recently elected mayor of Johns Creek has stated that preservation of green space will be foremost in the land use plan – minimizing the probability of development approved in the area for the foreseeable future. The new government is also focused on addressing traffic congestion issues.

**Property features, year built, developer, building type/class, square footage, parking details. Energy saving features, etc.:**

Completed in 1994, the Property is a low-density garden-style apartment community consisting of 396 units. The Property consists of twenty-four two and three-story apartment buildings with a density of eleven units per acre. The Property is of wood frame construction with a composition shingle roof. The Property features a resort-style swimming pool, leasing center, fitness center, business center, beach volleyball court, tennis courts, and controlled gate access. The Sponsor is planning a \$5.4 million common area and exterior renovation plan that will include improving the clubhouse and leasing center, refurbishing the fitness center, upgrading the pool area and landscaping, and exterior painting for buildings.

**Summary leasing details, percentage leased, and historical lease rate percentages:**

Average rent (as of May 2007) is \$936 at 93.2% occupancy.

**Projected After Fee Internal Rate of Return:**

*(Please provide a leveraged IRR when using property level debt – supply only one IRR.)*

11.8% IRR.

\*CalPERS' Share Only

## **NEW ACQUISITION SUMMARY**

<b>Advisor Name:</b>	Centerline Urban Capital I, LLC
<b>Property Name:</b>	Westwood Bluffs
<b>City, State:</b>	Fresno, California
<b>Ownership:</b>	90% - Centerline Urban Capital
<b>Acquisition Date:</b>	July 2, 2007
<b>Total Project Size:</b>	\$15,467,521 Total Project Basis
<b>Net Rentable Square Feet:</b>	89,078
<b>Project Purchase Price (CalPERS Equity)*:</b>	\$4,094,872 Commitment (\$4,199,869 x 97.5%)  At closing, the funding amount was \$4,199,869
<b>Leverage Portion of Purchase*:</b>	\$9,477,878

### **Property Highlights/Investment Summary:**

#### **Property location, sub-market description:**

Centerline Urban Capital I, LLC ("Centerline Urban") provided a \$4.2 million Investment (Joint Venture Equity) for the development of an 88-unit age-restricted market-rate apartment community in the City of Fresno, California (the "Property"). The sponsor is Regal Development Group ("Regal" or "Sponsor"). The Property is located along Herndon Avenue, just west of North West Avenue. Herndon Avenue is a large east-west street that connects the site to Freeways 99 and 41, providing residents access to the greater Fresno area. The Property is approximately 10 miles northwest of the Fresno Central Business District, and is located in an area characterized by good neighborhood retail services and single-family homes.

Westwood Bluffs will be located adjacent to the Fresno Commons Shopping Center, a new retail center that includes a Walgreens and medical office tenants. The site has been designed to include well-located pedestrian walkways connecting the residential buildings to the shopping center, providing residents easy access. Located across North West Avenue is a neighborhood shopping center that includes Catalano's, a local Fresno grocery store. The single-family homes in the neighborhood are some of the most desirable in the City of Fresno, with prices ranging from \$500,000 to \$5 million. The site is located two miles southeast of the Lake Van Ness housing development and Fig Garden Golf Club.

The subject property is located in the City of Fresno, within the Central San Joaquin Valley of California ("Central Valley"). The San Joaquin Valley extends from Stockton to the north to Bakersfield to the south, a total distance of approximately 225 miles, and contains a total of eight counties. Fresno County is the largest county in the Central Valley, with a total population of 899,000. The California Department of Finance projects the population of Fresno County to increase to 940,000 by 2010 and 1,075,000 by 2020. Between 1950 and 2001 Fresno County was the largest agriculture producer in the United States and since 2002 has been second to Tulare County.



The City of Fresno is located in the center of California, approximately 185 miles south of San Francisco and 225 miles north of Los Angeles. The population of the City is approximately 465,000 people (as of 2006, per the Fresno Employment Development Department).

The Fresno area should continue to grow at least moderately, if not faster than the state as a whole, over the near term. Central state location provides many advantages to industry, which together with agriculture, makes the area economically stable. In recent years, some new light industries have moved to the city, resulting in a broadening of the economic base. The City of Fresno is shifting away from its historic agricultural based economy as growth occurs in the non-agricultural sector, and this trend away from agriculture is expected to continue.

**Property features, year built, developer, building type/class, square footage, parking details. Energy saving features, etc.:**

Westwood Bluffs will consist of an 88-unit active adult residential community planned to serve the growing 62 years of age and older population of Fresno, California. The Property will consist of both one-story buildings with exterior front doors onto common walks and three-story buildings served by elevators and common hallways. The Property will include 18 one-bedroom and one-bath units of 895 square feet (in three-story buildings), 42 two-bedroom and two-bath units of 988 square feet (in three-story buildings) and 28 two-bedroom and two-bath units of 1,124 square feet (in one-story buildings) constructed on approximately 4.38 acres (18.8 units per acre). All units will be age-restricted for qualified residents 62 years of age and older. The Property will include a centrally located recreation building that will include a fully-furnished community room, computer center for resident use, a culinary style demonstration kitchen, fitness and exercise room, restroom facilities, and management/leasing space. Exterior amenities will include a resort-style pool with spa, individual cabanas, built-in gas barbeque and outdoor dining space. The three-story buildings will include secure key-card access, furnished first-floor lobby areas, second-floor recreational or game rooms, and third-floor library or reading rooms with gas fireplaces.

**Summary leasing details, percentage leased, and historical lease rate percentages:**

Not applicable. The investment is a new construction project. Historical occupancy in the Property's submarket for similar properties is 95.0% and above.

**Projected After Fee Internal Rate of Return:**

*(Please provide a leveraged IRR when using property level debt – supply only one IRR.)*

13.0% IRR.

\*CalPERS' Share Only

## **NEW ACQUISITION SUMMARY**

**Advisor Name:** Lasalle Investment Management

**Property Name:** NATM 4530 36<sup>th</sup> Street –Kentwood, MI

**City, State:** Kentwood, Michigan

**Ownership:** CalEast/NAT JV

**Acquisition Date:** July 6, 2007

**Total Project Size:** 7,040 square feet

**Net Rentable Square Feet:** 7,040 square feet

**Project Purchase Price (CalPERS Equity)\*:** \$491,927

**Leverage Portion of Purchase\*:** 53.18%

### **Property Highlights/Investment Summary:**

#### **Property location, sub-market description:**

The property is located in Kentwood, the suburb Southeast of Grand Rapids, Michigan. Because of its strategic location, Grand Rapids is no more than two delivery days away from all Midwest, East Coast, mid-south, and eastern Canadian markets. Ground transportation is available through more than 40 motor carriers. Three rail freight systems provide a range of services such as piggyback shipments, bulk handling, and refrigeration. The South Beltline Corridor connects I-96 on the East with I-196 on the West, with U.S. 131 in the center. Air cargo carriers and a deep-water port on Lake Michigan also link Grand Rapids with world markets.

#### **Property features, year built, developer, building type/class, square footage, parking details. Energy saving features, etc.:**

The total site size is 2.56 acres (+/-). The total building SF is 7,074 including an 880 SF office. The terminal is currently fully leased to FedEx National (formerly Watkins Motor Lines). The Terminal was a new build for ABF in 1982 and the current Tenant has occupied the Terminal since 1997. It can be expanded by an additional 10 doors.

#### **Summary leasing details, percentage leased, and historical lease rate percentages:**

The subject Property is 100% leased to FedEx National (formerly Watkins). FedEx National is part of the Freight Division of FedEx, a corporation with annual revenues of \$35 billion and a Standard & Poor's credit rating of BBB/Positive/A-2. For the full year ended May 2007, the company reported revenue of \$35.2 billion, up 9% from \$32.3 billion the previous year. Net

income was \$2.02 billion, up 12% from last year's \$1.81 billion. In September 2006, FedEx completed the \$780 million cash purchase of the LTL assets of Watkins Motor Lines, which has been re-branded as FedEx National. FedEx

Freight is now the number two LTL carrier in the United States behind YRC. The current lease expires on December 14th 2007. Monthly rent is \$8,269. Tenant has one option to renew for three years at \$8,682.50 per month. Historically they have renewed at their current locations across the country. All indications have been that they will renew.

**Projected After Fee Internal Rate of Return:** 10.6%

## **ACQUISITION SUMMARY**

**Advisor Name:** AEW Capital Management, LP

**Property Name:** AEWSH Crabapple Senior Housing, LLC

**City, State:** Alpharetta, Georgia

**Ownership:** AEW Senior Housing, LLC – 90%; Cannon Company/Arbor Company – 10%

**Acquisition Date:** July 19, 2007

**Total Project Size:** 7.38 Acres of Land

**Net Rentable Square Feet:** N/A – Land

**Project Purchase Price (CalPERS Equity)\*:** \$1,601,560 (please see comment #1 below)

**Leverage Portion of Purchase\*:** \$0 (see comment #2 below)

### **Property Highlights/Investment Summary:**

#### **Property location, sub-market description:**

The Property is located on Crabapple Road in Alpharetta, GA. The Property is approximately 5 miles off Georgia 400 and approximately 25 miles from downtown Atlanta. The Property is adjacent to two newly constructed residential condominium communities: The Orchards Phase I and the Orchards Phase II. These two condominium communities, although not age-restricted, are made up of predominately senior residents. Across the street from the Property is a newly constructed retail center anchored by a Publix. The North Fulton Regional Hospital is approximately 3 miles from the Property and the Northside/Alpharetta Medical Campus is approximately 6 miles away. Within a five mile ring of the site, there are an estimated 123,000 people with median household annual incomes of nearly \$67,000. Going forward the overall population within this five mile ring is expected to grow 14.8% by 2010.

#### **Property features, year built, developer, building type/class, square footage, parking details. Energy saving features, etc.:**

The Property consists of approximately 7.38 acres of land located at 12200 Crabapple Road in Alpharetta, Georgia. The investment strategy for the Venture will be to develop a first-class state of the art assisted living facility. The Venture will construct the 93 unit Property over a 15-month period followed by a 30-month lease-up phase. The Property will contain 67 assisted living units and 26 dementia care units and will have approximately 104 beds but will be licensed for up to 115 beds. The Property will be two stories high and will be approximately 75,000 square feet.

#### **Summary leasing details, percentage leased, and historical lease rate percentages:**

N/A – Land

**Projected After Fee Internal Rate of Return:**

Projected CalPERS Leveraged Post-Fee IRR = 11.87% (see comment #2 below)

Comment #1: CalPERS originally funded \$1,795,500 on 7/19/07 in connection with the acquisition of the land; \$146,439 in excess funding was returned to CalPERS on 7/19/07, and \$47,500 in excess funding was used to cover CalPERS' share of acquisition costs not paid at the time of closing. The \$146,439 return of excess funds was wired directly to the CalPERS State Street account. CalPERS' total equity commitment to this project is approximately \$4,800,000.

Comment #2: The acquisition was funded with 100% equity at closing on 7/19/07; however, an approximately \$12,750,000 property-level construction loan is targeted to be obtained by December 2007.

## **ACQUISITION SUMMARY**

**Advisor Name:** LaSalle Investment Management (CalEast)

**Property Name:** ANC Delta Complex

**City, State:** Anchorage, Alaska

**Ownership:** 98%

**Acquisition Date:** July 19<sup>th</sup>, 2007

**Total Project Size:** 88,928

**Net Rentable Square Feet:** 88,928

**Project Purchase Price (CalPERS Equity)\*:** \$3,588,016.18

**Leverage Portion of Purchase\*:** 0%

### **Property Highlights/Investment Summary:**

#### **Property location, sub-market description:**

The property is located at Ted Stevens International Airport in Anchorage, Alaska. ANC ranks second domestically (only to Memphis, FedEx's hub) in terms of landed cargo and ranks fourth worldwide. The airport is comprised of three areas: North Airpark, East Airpark, and South Airpark. The subject property is located in the East Airpark section of ANC, which is dominated largely by intra-state air cargo operators such as Northern Air Cargo and Alaskan Airlines as well as traditional ground handlers and freight forwarders. A survey of the competing market revealed a vacancy rate of approximately 15% on 590ksf of directly competing product.

#### **Property features, year built, developer, building type/class, square footage, parking details. Energy saving features, etc.:**

The building was built in 1974 and has a ground lease with 28 years remaining. ANC Delta is a ramp-served 88,928 square foot building located at Ted Stevens International Airport in Anchorage, Alaska. In addition, the property includes 180,000 square feet of ramp space. The building is comprised of warehouse, office, ramp, and a flight kitchen.

**Warehouse:** The building includes 32,012 sf of warehouse.

**Office:** The 20,424 sf of office space in the building is primarily located on the second floor.

**GSE/Paint:** A 7,415 sf paint and GSE area is contained in the building. We believe this will command a rent premium over typical warehouse space, as this is one of the only facilities of its kind at ANC.

**Flight Kitchen:** The 29,077 square foot area was formerly used as a flight kitchen. For the purposes of underwriting, we did not assume this space to be leasable, however upside exists as economic due diligence revealed that there is some demand for dead storage space at the airport.

**Ramp:** 180,000 sf ramp.

**Summary leasing details, percentage leased, and historical lease rate percentages:**

<b>Tenant</b>	<b>Leased SF</b>	<b>% of Total</b>	<b>Net In-Place Rents</b>	<b>Lease Expiration</b>
<b>Delta</b>	<b>20,602</b>	<b>23.2%</b>	<b>\$12.00</b>	<b>June-2012</b>
<b>Frontier Flying Service</b>	<b>1,130</b>	<b>1.3%</b>	<b>\$14.01</b>	<b>June-2012</b>
<b>Northern Air Cargo</b>	<b>706</b>	<b>0.8%</b>	<b>\$38.90</b>	<b>June-2008</b>
<b>Northern Air Cargo</b>	<b>5,000</b>	<b>5.6%</b>	<b>\$12.00</b>	<b>June-2012</b>
<b>Polar Air Cargo</b>	<b>5,943</b>	<b>30.4%</b>	<b>\$13.34</b>	<b>June-2008</b>
<b>Arctic Circle</b>	<b>672</b>	<b>0.8%</b>	<b>\$15.00</b>	<b>June-2008</b>
<b>Equant Flying Services</b>	<b>1,618</b>	<b>1.8%</b>	<b>\$21.38</b>	<b>June 2008</b>
<b>Total</b>	<b>35,671</b>	<b>40.1%</b>		

**Projected After Fee Internal Rate of Return:**

10.5% (5-year hold)

## **ACQUISITION SUMMARY**

<b>Advisor Name:</b>	LaSalle Investment Management	
<b>Property Name:</b>	Depolabo - Blois	
<b>City, State:</b>	Blois, France	
<b>Ownership:</b>	Fee Simple (Ownership Entity: CalEast Blois I)	
<b>Acquisition Date:</b>	July 19, 2007	
<b>Total Project Size:</b>	13,982 m <sup>2</sup>	(150,500 square feet)
<b>Net Rentable Square Feet:</b>	13,982 m <sup>2</sup>	(150,500 square feet)
<b>Project Purchase Price (CalPERS Equity)*:</b>	€1,193,627 (excl VAT of €480k) €2,193,950 (CalPERS 98% equity)	
<b>Leverage Portion of Purchase*:</b>	€8,954,902 (75%)	

### **Property Highlights/Investment Summary:**

#### **Property location, sub-market description:**

The property is located in the city of Blois, situated approximately 180 km south of Paris along the A10 motorway towards Nantes and Bordeaux. The site is well served, located off Exit 17 of the A10, within a designated light industrial/logistics area supported by the SEM (Société d'Economie Mixte) Grand Blois Développement.

Grand Blois Développement have encouraged development of the area north of the city along the motorway, specifically emphasizing the implantation of pharmaceutical companies and other players in the medical sector, in conjunction with the Centre Hospitalier de Blois, the city's main hospital and public nursing home, which is situated nearby. Groupe OCP, one of France's leading pharmaceutical distributors, had recently purchased land in the area for a new distribution centre. Other logistics tenants in the area include Dior and La Poste.

#### **Property features, year built, developer, building type/class, square footage, parking details. Energy saving features, etc.:**

The building was designed to an extremely high standard to accommodate Wyeth Pharmaceuticals' specific distribution and storage needs for the region. Constructed in three phases in 1994, 2001, and 2002, the building has been extremely well maintained, with an average of over €500,000 invested in the property annually. The building is additionally fitted out with an extensive cooling and heating system, as appropriate to the use and requirements of the different zones, as well as electronic dock doors and levellers and a full robotic racking and retrieval system. The site is protected by anti-intrusion detectors, a badge system, and a 24-hour, on-site security guard.

#### **Summary leasing details, percentage leased, and historical lease rate percentages:**

Based in Marseille, France, Depolabo is one of the country's primary pharmaceutical distributors, offering its clients specialized warehousing, distribution, billing, and marketing services. The company operates six distribution centres across France, each focusing on a specific region, and with a particular emphasis on cold storage and transport. In June 2006, in combination with a management buy-out, Depolabo was acquired by Paris-based private equity fund Sagard, with the view to growing it into the market leader.

Over the past two years, Depolabo has increased its overall net revenue by 24% from €3.1 billion in 2004 to €3.8 billion in 2006. The company's total storage capacity has grown from 65,000 m<sup>2</sup> to 82,000 m<sup>2</sup> over the same period. Their growth has been supported particularly by the increasing tendency for companies to outsource logistics activities to specialist providers. Depolabo have built up an expertise in the pharmaceutical industry and its particular norms and regulations, including extensive quality and temperature/cleanliness controls, which make it difficult for generalist players to be competitive in the market. Depolabo has a D&B rating of 3A1, indicating financial strength of over €10m and minimal risk.

As this is a sale & leaseback deal, Depolabo will take the entire 13,982 m<sup>2</sup> on a twelve year lease with a break option at year six. Annual rent in year 1 will be €780,000.

**Projected After Fee Internal Rate of Return:**

16.87%



## **ACQUISITION SUMMARY**

**Advisor Name:** BlackRock Realty

**Property Name:** Clifton (TKV Clifton L.P. is the title holding entity owned indirectly by TKV-BR Clifton LLC)

**City, State:** Clifton, NJ

**Ownership:** CalPERS owns 98% of Western Multifamily LLC which owns WM Passaic Member LLC which is a 90% JV partner in TKV-BR Clifton LLC

**Acquisition Date:** July 24, 2007

**Total Project Size:** 258 units

**Net Rentable Square Feet:** 253,814 SF

**Project Purchase Price (CalPERS Equity)\*:** \$38,326,604

**Leverage Portion of Purchase\*:** \$65,797,200

### **Property Highlights/Investment Summary:**

#### **Property location, sub-market description:**

Clifton is located in one of the most densely populated counties in Northern New Jersey. The property is located close to the Garden State Parkway, and Routes 3 and 46, which provide access to New York City. Clifton, NJ is home to a concentration of corporate clients including several sports teams and companies such as Samsung, Unilever and Toshiba.

#### **Property features, year built, developer, building type/class, square footage, parking details. Energy saving features, etc.:**

The property was developed by Korman Communities, the joint venture partner, and was completed in February 2007. The Class A mid-rise apartment community consists of a single four-story building over one level of subterranean parking. The unit mix consists of 129 one-bedroom units and 129 two-bedrooms with an average size unit size of 984 square feet. There are 116 furnished units (or 45% of the total) designated as extended stay corporate rentals. Community amenities are extensive and include a tranquility garden with fountain; health complex overlooking a lap pool; business center; multimedia theater; and internet café. Units feature gourmet kitchens with granite countertops, mahogany cabinetry, and stainless steel appliances; full size washer/dryers; nine-foot ceilings; and walk-in closets. The subterranean parking garage provides 340 parking spaces.

#### **Summary leasing details, percentage leased, and historical lease rate percentages:**

The property is currently in lease-up and was approximately 22% occupied at acquisition.

#### **Projected After Fee Internal Rate of Return:**

10.4% - 10-year leveraged.

## **ACQUISITION SUMMARY**

**Advisor Name:** Lasalle Investment Management

**Property Name:** NATM - 204-248 North Avenue

**City, State:** Elizabeth, New Jersey

**Ownership:** CalEast/NAT JV

**Acquisition Date:** July 25, 2007

**Total Project Size:** 31,000 square feet

**Net Rentable Square Feet:** 31,000 square feet

**Project Purchase Price (CalPERS Equity)\*:** \$4,499,389

**Leverage Portion of Purchase\*:** 42.42%

### **Property Highlights/Investment Summary:**

#### **Property location, sub-market description:**

The property is located in close proximity to the Port of Newark/Elizabeth maritime complex, the third largest port and largest automobile port in the US. The facility is minutes to the south exit of the Port of Newark. The terminal is easily accessible to truck routes recognized as being of national significance: I-95 (the New Jersey Turnpike), I-278 (main route to Staten Island, Brooklyn & Queens), Routes 1 & 9, route 78, Route 22, Route 80 and Kapowski Avenue.

#### **Property features, year built, developer, building type/class, square footage, parking details. Energy saving features, etc.:**

We have acquired a fee simple interest in a 56-door, 32,200 square foot cross-dock truck terminal located on 5.5 acres.

#### **Summary leasing details, percentage leased, and historical lease rate percentages:**

The property is currently leased to multiple month-to-month (M-T-M) tenants. One tenant leases the terminal and surrounding parking area, an additional tenant leases the shop, and the remainder of the yard is leased to five different tenants. The current terminal tenant is paying \$464 per door, well below the market door rate of \$1,250 per door. Overall the property is producing \$808 gross revenue per door.

#### **Projected After Fee Internal Rate of Return:**

11.6%

**INTERNAL PROGRAMS**  
**Alternative Investment Management (AIM) Program**  
**Transactions - August 2007**

<b>Partnerships</b>	<b>Date</b>	<b>Transaction</b>	<b>Amount</b>
AACP China Growth Investors	8.20.07	Capital call	\$624,777.00
AACP India Venture Investors A	8.28.07	Capital call	\$118,458.00
Aberdare Ventures III	8.20.07	Capital call	\$675,000.00
ACON-Bastion Partners II	8.3.07	Capital call	\$4,229,909.00
Advent International GPE V-D	8.1.07	Capital call	\$1,644,576.00
	8.16.07	Capital call	\$9,719,208.00
Advent Latin American P E Fund III-D	8.2.07	Capital call	\$6,000,000.00
Advent Latin American P E Fund IV-D	8.2.07	Capital call	\$22,000,000.00
Affinity Asia Pacific Fund III	8.22.07	Capital call	\$4,553,962.31
Apollo Investment Fund V	8.6.07	Capital call	\$5,030,189.00
Apollo Special Opportunities	8.1.07	Capital call	\$100,000,000.00
	8.31.07	Capital call	\$75,000,000.00
ArcLight Energy Partners II	8.28.07	Capital call	\$4,283,868.00
Ares Distressed Securities	8.31.07	Capital call	\$9,975,062.34
Audax Mezzanine Fund II	8.1.07	Capital call	\$1,802,309.99
	8.27.07	Capital call	\$2,828,853.00
Audax Private Equity Fund II	8.22.07	Capital call	\$14,600,000.00
Avenue Asia Special Situations IV	8.29.07	Capital call	\$20,000,000.00
Avenue Special Situations Fund V	8.1.07	Capital call	\$20,000,000.00
	8.14.07	Capital call	\$40,000,000.00
Banc of America California Comm	8.2.07	Capital call	\$2,381,211.74
Birch Hill Equity Partners [US] III	8.8.07	Capital call	\$2,296,148.14
Blackstone Capital Partners IV	8.3.07	Capital call	\$2,722,234.00
Blackstone Capital Partners V	8.7.07	Capital call	\$4,161,772.00
Blackstone Management Partners V	8.6.07	Capital call	\$358,226.00
Blackstone Mezzanine Advisors	8.6.07	Capital call	\$56,517.00
Bridgepoint Europe III D	8.31.07	Capital call	\$31,933,044.00

**INTERNAL PROGRAMS**  
**Alternative Investment Management (AIM) Program**  
**Transactions - August 2007**

Partnerships	Date	Transaction	Amount
Capital Link Fund I	8.1.07	Capital call	\$176,187.00
	8.17.07	Capital call	\$311,484.00
	8.22.07	Capital call	\$2,019,278.00
	8.29.07	Capital call	\$2,308,310.00
Carlyle Asia Growth Partners III	8.13.07	Capital call	\$6,336,907.00
Carlyle Europe Partners III	8.17.07	Capital call	\$3,036,905.00
Carlyle Venture Partners II	8.27.07	Capital call	\$1,133,459.00
Centinela	8.1.07	Capital call	\$3,771.00
	8.17.07	Capital call	\$6,667.00
	8.22.07	Capital call	\$43,222.00
	8.29.07	Capital call	\$28,567.00
CEV	8.21.07	Capital call	\$1,210,400.00
CEV II	8.1.07	Capital call	\$2,522,000.00
	8.9.07	Capital call	\$394,650.00
	8.21.07	Capital call	\$1,000,000.00
	8.24.07	Capital call	\$1,150,000.00
CEV III	8.8.07	Capital call	\$2,010,950.00
	8.10.07	Capital call	\$1,198,400.00
	8.20.07	Capital call	\$2,874,850.00
CEV IV	8.9.07	Capital call	\$863,540.00
	8.16.07	Capital call	\$2,749,300.00
	8.31.07	Capital call	\$957,260.00
Court Square Capital Partners II	8.13.07	Capital call	\$26,399,176.00
CVC European Equity Partners IV [D]	8.21.07	Capital call	\$15,532,962.00
EMAlternatives Investments	8.20.07	Capital call	\$443,712.98
Emergence Capital Partners	8.24.07	Capital call	\$1,500,000.00
Francisco Partners II	8.31.07	Capital call	\$17,062,500.00

**INTERNAL PROGRAMS**  
**Alternative Investment Management (AIM) Program**  
**Transactions - August 2007**

<b>Partnerships</b>	<b>Date</b>	<b>Transaction</b>	<b>Amount</b>
Garage California Entrepreneurs	8.13.07	Capital call	\$1,000,000.00
Golden State Investment Fund	8.10.07	Capital call	\$852,167.84
Green Equity Investor V	8.10.07	Capital call	\$30,439,105.20
HealthpointCapital Partners	8.16.07	Capital call	\$150,000.00
ICV Partners II	8.13.07	Capital call	\$1,506,140.58
Insight Venture Partners V	8.23.07	Capital call	\$796,250.00
Insight Venture Partners VI	8.21.07	Capital call	\$2,176,000.00
Insight Ventures V Coinvestment Fund	8.21.07	Capital call	\$1,750,000.00
Institutional Venture Partners XI	8.29.07	Capital call	\$1,250,000.00
KKR European Fund LP #1	8.28.07	Capital call	\$46,318.00
KKR European Fund II A/C #1	8.30.07	Capital call	\$598,486.00
Levine Leichtman Capital Partners III	8.6.07	Capital call	\$5,000,000.00
Levine Leichtman Deep Value	8.6.07	Capital call	\$3,750,000.00
	8.20.07	Capital call	\$3,690,944.87
Lexington Middle Market Investors	8.2.07	Capital call	\$1,363,636.00
Lombard Asia III	8.20.07	Capital call	\$432,000.00
MC Venture Partners V	8.14.07	Capital call	\$2,275,000.00
MDV Limited Partners [Carlyle Asia II]	8.15.07	Capital call	\$16,311,975.00
MHR Institutional Partners IIA	8.9.07	Capital call	\$1,500,000.00
MHR Institutional Partners III	8.23.07	Capital call	\$17,500,000.00
NEA 12	8.15.07	Capital call	\$1,500,000.00
New Mountain Partners II	8.7.07	Capital call	\$20,265,541.00
New Mountain Partners III	8.9.07	Capital call	\$54,710,000.00
NGEN II	8.28.07	Capital call	\$108,668.73
Nogales Investors Fund II	8.10.07	Capital call	\$105,992.24
Oak Hill Capital Partners II	8.31.07	Capital call	\$3,379,320.36
Opportunity Capital Partners IV	8.21.07	Capital call	\$100,215.00

**INTERNAL PROGRAMS**  
**Alternative Investment Management (AIM) Program**  
**Transactions - August 2007**

<b>Partnerships</b>	<b>Date</b>	<b>Transaction</b>	<b>Amount</b>
Pacific Community Ventures I	8.1.07	Capital call	\$263,987.73
Palladium Equity Partners III	8.14.07	Capital call	\$728,371.76
Parish Capital II	8.31.07	Capital call	\$6,907,782.00
PCG Clean Energy & Technology	8.14.07	Capital call	\$18,346,672.00
PCG International Emerging Markets	8.2.07	Capital call	\$2,050,000.00
	8.21.07	Capital call	\$13,200,000.00
	8.30.07	Capital call	\$7,936,735.00
Providence Equity Partners V	8.3.07	Capital call	\$3,669,101.00
Providence Equity Partners VI	8.6.07	Capital call	\$13,058,709.00
Quadrangle Capital Partners II	8.7.07	Capital call	\$4,644,654.00
Richardson Capital P E 2B	8.28.07	Capital call	\$5,553,243.00
RockPort Capital Partners II	8.14.07	Capital call	\$546,191.00
Sacramento Private Equity Partners	8.10.07	Capital call	\$1,523,809.52
	8.15.07	Capital call	\$2,666,666.67
Silver Lake Management Company III	8.13.07	Capital call	\$1,806,746.00
TA X	8.27.07	Capital call	\$6,000,000.00
Tailwind Capital	8.17.07	Capital call	\$599,631.00
TPG Biotechnology Partners II	8.3.07	Capital call	\$2,085,661.00
TPG STAR	8.3.07	Capital call	\$2,938,321.00
VantagePoint Venture 2006 [Q]	8.3.07	Capital call	\$5,000,000.00
Wayzata Opportunities Fund	8.8.07	Capital call	\$5,960,298.00
Welsh Carson Anderson & Stowe X	8.30.07	Capital call	\$1,750,000.00
Weston Presidio V	8.10.07	Capital call	\$4,875,000.00
WOF Offshore I	8.8.07	Capital call	\$414,702.00
Yucaipa Corporate Initiatives Fund I	8.8.07	Capital call	\$1,589,611.00
	8.10.07	Capital call	\$2,060,606.00
<b>TOTAL CAPITAL CALLS</b>			<b>\$769,004,043.00</b>
<b>TOTAL DISTRIBUTIONS</b>			<b>\$523,998,254.35</b>

INTERNAL PROGRAMS		
Alternative Investment Management (AIM) Program		
Summary of Investments Completed Under Delegated Authority		
Item	Name of Investment	Commitment
Attachment 1	Advent Latin America PE Fund IV, LP	\$200 million
Attachment 2	Ares Distressed Securities Fund, LP	\$150 million
Attachment 3	ESP Golden Bear Europe Fund, LP	€400 million
Attachment 4	KH Growth Equity Fund, LP	\$50 million
Attachment 5	Lion Capital Fund II, LP	€150 million

INTERNAL PROGRAMS		
Alternative Investment Management (AIM) Program		
Summary of Supplemental Investments Alongside AIM Vehicles		
Vehicle Name	Fund Name	Additional Amount Committed
Sacramento Private Equity Partners, LP	DAG Ventures III, LP	\$30 million

**Alternative Investment Management Program  
Executive Summary of Action Taken  
Under Delegation of Authority**

**Advent Latin America Private Equity Fund IV, LP**

**Action:**

Commit \$200 million to Advent Latin America Private Equity Fund IV, LP (the “Fund”)

**Background:**

Established in 1984, Advent International (“Advent” or “Firm”) is a global private equity firm with investment efforts in emerging and established geographic markets. Advent is raising its fourth Latin America focused fund, Advent Latin America Private Equity Fund IV, L.P., to invest in companies primarily located in Mexico, Brazil, and Argentina (the “Region”) The Fund seeks to acquire control positions in later-stage, cash-generative businesses with enterprise values between \$50 and \$150 million. Once invested, Advent seeks to provide operational and strategic direction to improve company operations. Advent has offices in Mexico City, São Paulo, and Buenos Aires and has 24 investment professionals dedicated to Latin America.

This commitment is consistent with the AIM Program Strategic Review because it represents a sizeable commitment to a top performing international private equity firm.

**Key Principals:**

- **Ernest Bachrach, Chief Executive, Latin America.** Before establishing Advent’s investment activities in Latin America in 1995, Mr. Bachrach worked with Advent’s London office for five years. Prior to joining Advent’s London office, he worked with Granville & Co. Ltd., Wharf (Holdings) Ltd. and Morningside Group. Mr. Bachrach received a BS in Chemical Engineering from Lehigh University and an MBA from Harvard Business School.
- **Juan Carlos Torres, Managing Director.** Prior to joining Advent in 1988, Mr. Torres was a consultant with McKinsey & Co for five years. Prior to McKinsey, he was President and CEO of Seapharm, Inc. and Founder of Pharmamar, which derived pharmaceutical agents from marine organisms. Mr. Torres received an MS in Physics from the Universidad Complutense de Madrid and an MS in Management from the Sloan School of Massachusetts Institute of Technology.



- **Patrice Nogueira Baptista Etlin, Partner.** Before joining the Firm in 1997, Mr. Etlin was a partner at International Venture Partners in São Paulo, where he was responsible for the overall operation of a media and communications fund focused on Brazil. Previously, he spent five years with Matra Marconi Space. Mr. Etlin received an undergraduate degree in from the University of São Paulo, a master's in industrial engineering from Ecole Centrale de Paris and an MBA from INSEAD.

#### **Analysis:**

- **The Fund's investment professionals have an established track record of success.** Advent's three previous Latin American investment funds have generated top quartile performance against its peers and US buyout funds. In addition, the Firm generated its performance during periods of regional economic restructurings and currency fluctuations.
- **Advent has a strong reputation within the Latin American market, which will help attract investment opportunities for the Fund.** Over the past 11 years, the Firm has demonstrated the ability to source proprietary investment opportunities through its network of entrepreneurs and executives in the region. Many entrepreneurs desire to partner with the Firm because of Advent's success and ability to generate exits through both IPO and strategic sales.
- **The Fund will leverage the Firm's global network for sector expertise and global expansion opportunities.** Advent's global platform provides the Fund's companies with inroads to customers around the world. Portfolio companies will also benefit from industry and sector expertise developed within Advent. The Firm's global footprint further differentiates the Fund from its regional competitors when sourcing attractive investment opportunities.

#### **Litigation:**

According to Advent, there is no current, threatened, or pending litigation against the Firm that may have an adverse effect on the Fund.

#### **Delegation Resolution Compliance:**

This decision complies with CalPERS Delegation No: 07-02-INV II(B)2.

#### **Due Diligence Report:**

Staff has received a Due Diligence Report on this transaction from PCG International.

**Alternative Investment Management Program  
Executive Summary of Action Taken  
Under Delegation of Authority**

**Ares Distressed Securities, LP (“DSF” or the “Fund”)**

**Action:**

Commit \$150 million to Ares Distressed Securities Fund, LP

**Background:**

Founded in 1997, Ares Management LLC (“Ares” or the “Firm”) is a California-based independent investment firm focused on alternative credit-based strategies, private equity and private debt investments with approximately \$12 billion of total committed capital under management. The Firm has 155 employees, including 71 investment professionals, across offices in Los Angeles, New York and London. CalPERS has committed \$300 million to the two Ares private equity funds. The Fund will be launched as a dedicated vehicle to invest in distressed debt opportunities, which historically occurred on an opportunistic basis through their capital markets and private equity funds.

This commitment is consistent with the AIM Program Strategic Review because it represents a sizeable commitment to a top performing private equity firm.

**Key Principals:**

- **Anthony Ressler, Co-Founder and Senior Partner of Ares.** Prior to co-founding Ares, Mr. Ressler was a co-founder of Apollo Management, L.P. in 1990. Prior to 1990, Mr. Ressler served as a Senior Vice President in the High Yield Bond Department of Drexel Burnham Lambert Incorporated, with responsibility for the New Issue/Syndicate Desk. Mr. Ressler received his BSFS from Georgetown University’s School of Foreign Service and received his MBA from Columbia University’s Graduate School of Business.
- **Jeff M. Moore, Portfolio Manager.** Mr. Moore is Co-Portfolio Manager for the Fund. Prior to joining Ares, Mr. Moore was a Senior Credit Analyst with Lion Advisors (an affiliate of Apollo) from 1992 to 1997. From 1990 until 1992, Mr. Moore was a Vice President at Executive Life Insurance Company of California where he had responsibility for portfolio risk credit analysis. Prior to that, Mr. Moore was a Senior Manager with the public accounting firm of Deloitte & Touche. Mr. Moore graduated with honors from St. Louis University with a BS in Business Administration.

- **Masa Takenaga.** Mr. Takenaga joined Ares in August 2001 and is a Co-Portfolio Manager of the Fund. Prior to joining Ares, Mr. Takenaga was a member of the High Yield Group at SunAmerica Investments where he evaluated investments in high yield bonds and leveraged loans. Previously, Mr. Takenaga was with the Financial Restructuring Group at Houlihan Lokey Howard & Zukin where he provided restructuring advisory services. Mr. Takenaga graduated cum laude from the University of California at Los Angeles with a BA in Business Economics.

#### **Analysis:**

- **Ares is widely recognized as one of the leading capital markets firms in the world.** With over \$12 billion in assets under management, Ares has delivered excellent returns in a variety of strategies, including distressed debt. Their internal coverage of a wide spectrum of business sectors provides the DSF team with unique market knowledge and should give them an edge versus their competitors.
- **Ares has an experienced and cohesive investment team.** The two Portfolio Managers and three Senior Advisors that comprise the Fund's Investment Committee have, on average, worked together for 12 years. Overall, they have an average of 20 years of experience investing in, advising, underwriting and restructuring leveraged companies. The two Portfolio Managers will be supported by Ares Capital Markets Group's 28 other investment professionals with various industry expertise.
- **The Fund is expected to benefit from an attractive market environment.** The Fund should benefit from a rising default environment amid a softening economic environment. Further, Ares believes that the sharp increase in the level of sub-investment grade primary debt issuance, LBO purchase price multiples and amount of dividend financing will, in turn, result in an increasing volume of opportunities for the Fund to invest in distressed securities.

#### **Litigation:**

According to Ares, there is no outstanding or threatened litigation against the General Partner or the Principals that may have an adverse effect on the Fund.

#### **Delegation Resolution Compliance:**

This decision complies with CalPERS Delegation No: II (B) 4 of Attachment A of Delegation Resolution 07-02.

#### **Due Diligence Report:**

Staff has received a Due Diligence report on this transaction from LP Capital Advisors.

**Alternative Investment Management Program  
Executive Summary of Action Taken  
Under Delegation of Authority**

**ESP Golden Bear Europe Fund, LP**

**Action:**

Commit €400 million to ESP Golden Bear Europe Fund, LP

**Background:**

Founded in 1825, Standard Life Assurance Limited (SLAL) is the largest mutual life assurance company in Europe. It is also one of Europe's largest financial services institutions employing over 11,000 staff and managing the pensions and savings of over 5 million customers. The wholly-owned investment subsidiary of SLAL, Standard Life Investments (Private Equity) Limited (SLI), was formed in 1998, and is a dedicated investment company. Global assets under management were £136 billion (€202 billion) (\$273 billion) as at 31 March 2007, making SLI one of the largest investment managers in the UK. Using dedicated internal management, SLAL has invested in private equity funds and co-investments for more than 25 years.

Private equity investment is managed by SLIPE, a wholly-owned subsidiary of SLI. SLIPE was formed in 1998 as manager of European Strategic Partners (ESP), the first private equity fund of funds product offered by SLI to third party investors. SLIPE has raised a total of €4.9 billion represented through seven fund of fund vehicles and four segregated mandates.

ESP-GB Europe Fund will invest in European-focused private equity investment opportunities that will include primary and secondary partnerships and limited co-investments. The partnership portion will consist of funds seeking up to €2 billion in commitments based in and targeting investments across Europe.

**Key Principals:**

- **David Currie, Chief Executive of Standard Life Investments (Private Equity Ltd).** Mr. Currie is responsible for the strategic development, investments and the management and marketing of SLIPE. Prior to joining SLIPE, he was responsible for the European private equity investment portfolio of the Abu Dhabi Investment Authority for seven (7) years, and spent nine (9) years with 3i. Mr. Currie received a BSc in Mechanical Engineering from Heriot Watt University and an MBA from the Strathclyde Business School.

- **Peter McKellar, Managing Director and Chief Investment Officer.** Mr. McKellar is responsible for the origination, evaluation, negotiation, monitoring and disposition of private equity investments. Prior to joining Standard Life in 1999, he spent four (4) years as Corporate Development Director and then Group Finance Director of Clydeport plc. He received his Bachelor of Laws (Honors) degree from Edinburgh University.
- **Stewart Hay, Managing Director.** Mr. Hay is responsible for marketing and client relations. Prior to joining Standard Life, Mr. Hay spent twelve (12) years at BMB Investment Bank, Bahrain. He received a BA in Accountancy and Finance from Heriot Watt University.

#### **Analysis:**

- **The prior funds have generated attractive investment returns.** Since 1998, SLIPE has demonstrated a strong record of successfully investing in private equity and significantly outperformed industry top quartile benchmarks in prior discretionary accounts.
- **The Fund will be managed by a deep and experienced team of investment professionals.** The professionals involved have more than 135 years private equity experience averaging almost 14 years per person.
- **The terms and structure offered are attractive.** We have secured a favorable economic package as well as strong alignment of interests and governance rights in the vehicle.

#### **Litigation:**

According to the Firm, there is no material litigation pending against the General Partner or the Principals that may have an adverse effect on the Fund.

#### **Delegation Resolution Compliance:**

This investment complies with CalPERS Delegation No: 07-02-INV II (C) 1.

#### **Due Diligence Report:**

Staff has received a Due Diligence Report on this transaction from Pension Consulting Alliance, Inc.

**Alternative Investment Management Program  
Executive Summary of Action Taken  
Under Delegation of Authority**

**KH Growth Equity Fund, LP**

**Action:**

Commit \$50 million to KH Growth Equity Fund, LP (the “Fund”).

**Background:**

Growth Equity Advisors, L.P. (“GEA” or “General Partner”) is raising KH Growth Equity Fund, LP, a \$200 million Fund to complete late-stage venture capital and growth equity investments in companies headquartered in the United States. The Fund will seek to invest between \$5 million and \$15 million in mature companies with annual revenues between \$2 million and \$25 million.

The General Partner is an affiliated spin-out from Kline Hawkes & Co., a Los Angeles, California-based venture capital firm founded in 1994 by Frank Kline. CalPERS invested in the two prior funds, Kline Hawkes California, LP and Kline Hawkes Pacific, LP. GEA will continue to have access to the back-office professionals within Kline Hawkes & Co. The General Partner is currently based in Los Angeles.

**Key Principals:**

- **Jay Ferguson, Partner.** Mr. Ferguson joined the Firm at inception. Previously, Mr. Ferguson worked in the investment banking industry for both Merrill Lynch & Co. and Smith Barney, Inc. He earned a BBA in Finance from Southern Methodist University and an MBA from the Anderson School at UCLA. At the Anderson School, he was named a Toigo Fellow and a Venture Capital Fellow.
- **Klaus Koch, Partner.** Prior to joining the Firm in 1998, Mr. Koch focused on strategic M&A projects and privatization support for the German government with the LEK Partnership. Mr. Koch later joined the M&A department at Goldman Sachs and then Bain & Co.’s, LBO, Technology and Healthcare practices. Mr. Koch received a Master’s degree from Harvard Business School and a BS from the Wharton School at the University of Pennsylvania.

- **Nick Memmo, Partner.** Prior to joining the Firm in 1999, Mr. Memmo served as President and CEO of The Process Water Group, the industrial water equipment and services division of USFilter Corporation. Prior to that, he was employed by Hercules Incorporated, a specialty chemical company, first in engineering and product development, and later in sales, marketing and distribution positions. He received a BS degree in chemical engineering from Drexel University and his MBA from the Anderson School at UCLA.

#### **Analysis:**

- **The General Partner is comprised of a group of experienced investment professionals with a complementary set of skills.** The three Partners have worked together for over 7 years. The combination of investment and operational experience will be a benefit for the Fund.
- **The General Partner is one of the few later-stage and growth capital investors located in Southern California, and the Fund should benefit from the strong brand Kline Hawkes has created in the region.** Kline Hawkes was formed in 1994 and since then has primarily focused on completing investments in Southern California. Specifically, the California Fund is completely comprised of investments in Southern California. In the aggregate, approximately 81.0% of total invested capital has been invested in California-based companies. The Principals' involvement on the boards of these companies and their networking in the Southern California market has helped to establish a presence and create future deal flow.

#### **Litigation:**

According to Kline Hawkes, there is no current, threatened, or pending litigation against the Firm that may have an adverse effect on the Fund.

#### **Delegation Resolution Compliance:**

This decision complies with CalPERS Delegation No: 00-02 BD (A)1(f).

#### **Due Diligence Report:**

Staff has received a Due Diligence Report on this transaction from Hamilton Lane.

**Alternative Investment Management Program  
Executive Summary of Action Taken  
Under Delegation of Authority**

**Lion Capital Fund II, LP**

**Action:**

Commit €150 million to Lion Capital Fund II, LP (the “Fund”)

**Background:**

Lion Capital General Partner II, LLP (the “Firm”) is raising its second fund, Lion Capital Fund II, LP to complete leveraged buyouts of large and medium-sized consumer-oriented companies based in Western Europe, targeting companies with enterprise values ranging between €200 million and €2 billion. Formed in 2004 by Lyndon Lea, Robert Darwent and Neil Richardson (the “Founding Partners”), Lion Capital is a spin out of U.S.-based private equity firm Hicks Muse Tate & Furst Europe.

This commitment is consistent with the AIM Program Strategic Review because it represents a sizeable commitment to a top performing private equity firm.

**Key Principals:**

- **Lyndon Lea, Co-Founder.** Prior to co-founding the Firm in 2004, Mr. Lea served as a partner of Hicks Muse and helped Mr. Muse establish that firm’s European operations in 1988. Prior to joining Hicks Muse, he worked at Glenisla, the then-affiliate of Kohlberg Kravis Roberts & Co. (“KKR”) in Europe, alongside Mr. Richardson. He was previously an investment banker With Schroders in London and Goldman Sachs in New York. He received his BA from the University of Western Ontario, Canada.
- **Neil Richardson, Co-Founder.** Prior to founding Lion Capital, Neil was a General Partner with Kohlberg Kravis Roberts & Co. (“KKR”) where from 1994 to 2004 he helped establish KKR’s European business. From 1994 to 1998, he established and operated Glenisla, the European affiliate of KKR, along with Lyndon Lea. He previously served in the investment banking division of Credit Suisse First Boston in London and New York, and began his career with Bain & Company. Neil received his BA and MA from Oxford University.



- **Robert Darwent, Co-Founder.** Prior to founding Lion Capital, Robert served with Hicks, Muse, Tate & Furst for six years. Prior to joining Hicks Muse, he was employed in the private equity group of Morgan Stanley in London. Robert received his BA and MA from Cambridge University.

#### **Analysis:**

- **The General Partner and the Partners have generated attractive realized and pro forma returns through their prior investments.** Since 1996, the General Partner and/or the Partners have deployed €2.04 billion in 16 transactions, generating €3.45 billion in realized proceeds and €4.19 billion in total pro forma value for a 2.1x multiple of cost and a 43.9% gross IRR.
- **The General Partner is led by a team of investment professionals with significant private equity investing and senior-level operating experience.** Lion Capital is currently comprised of 16 professionals with significant private equity investing, investment banking, and consulting experience through their tenures at firms including Hicks Muse Europe, KKR, DLJ Merchant Banking, Goldman Sachs, Bain & Co., and others.
- **The General Partner will pursue a differentiated investment strategy with an exclusive focus.** The consumer sector is a very broad investment area, accounting for approximately 30% of GDP in Europe. Within the broader consumer sector, the General Partner pays particular attention to sub-sectors and niches such as consumer goods, food and beverages, luxury goods, retail, restaurants, travel and leisure, etc. Their focus on the consumer sector helps to differentiate its strategy from those of its more generalist or multi-sector competitors in the European private equity market.

#### **Litigation:**

According to Lion Capital, there is no current, threatened, or pending litigation against the Firm that may have an adverse effect on the Fund.

#### **Delegation Resolution Compliance:**

This decision complies with CalPERS Delegation No: 07-02-INV II(B)2.

#### **Due Diligence Report:**

Staff has received a Due Diligence Report on this transaction from Hamilton Lane.

## INTERNALLY MANAGED DERIVATIVE TRANSACTIONS SUMMARY

July 2007

<u>SECURITY TYPE</u>	(\$ Millions) <u>NOTIONAL</u>
FUTURES PURCHASES	\$3,656.7
FUTURES SALES	\$4,808.2



**Investment Office**

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October 15, 2007

**SUPPLEMENTAL ITEM**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT:** Investment Transactions
- II. PROGRAM:** Affiliate Funds
- III. RECOMMENDATION:** Information Only

The following investment reports relating to the Affiliate Funds have been compiled by staff for the Investment Committee's review. The transaction and asset allocation reports were completed for the month of August 2007.

Annuitants' Health Care  
Judges' Retirement  
Judges II Retirement  
Legislators' Retirement  
Long Term Care  
Public Employees' Medical & Hospital Care Act Contingency Reserve  
Supplemental Contribution  
Volunteer Firefighters Length of Service Award

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Matthew Flynn  
Division Chief

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Anne Stausboll  
Chief Operating Investment Officer

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Russell Read  
Chief Investment Officer

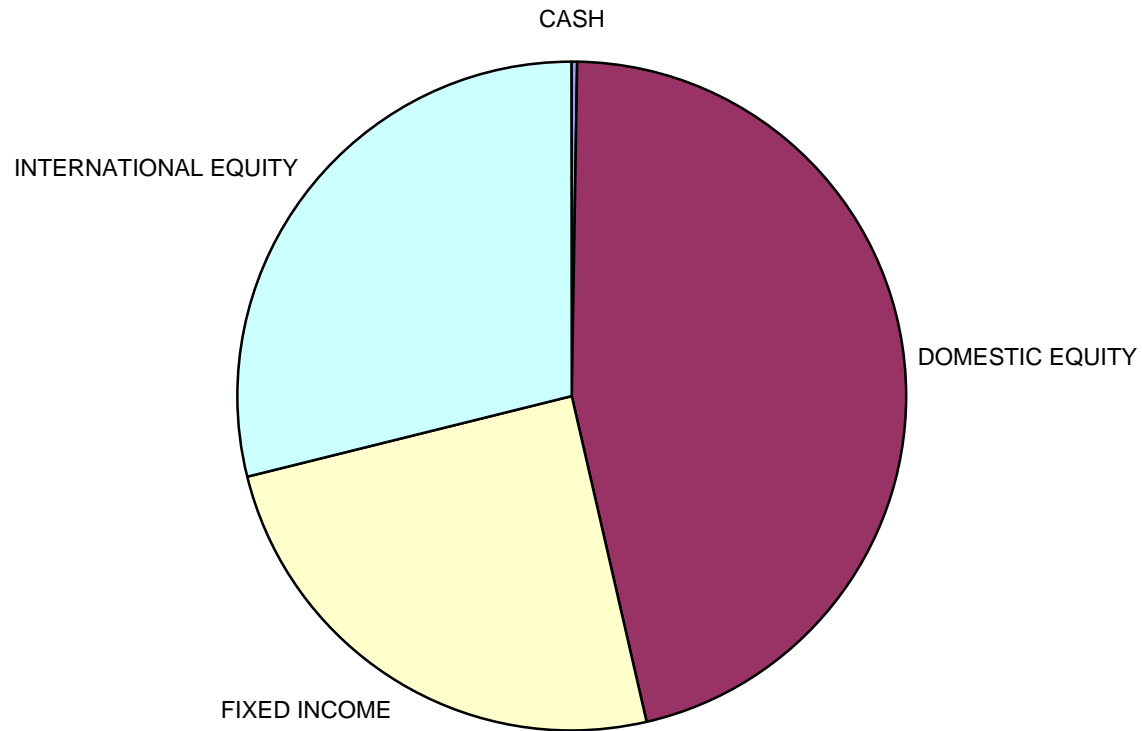
# ANNUITANTS' HEALTH CARE COVERAGE FUND

SKB0

ASSET ALLOCATION

August 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	63,484.22	0.27%	63,484.22	0.27%
DOMESTIC EQUITY	11,094,084.57	46.41%	10,942,705.78	46.13%
FIXED INCOME	5,798,727.30	24.26%	5,880,215.11	24.79%
INTERNATIONAL EQUITY	6,950,000.00	29.07%	6,834,702.50	28.81%
<b>TOTAL</b>	<b>\$23,906,296.09</b>		<b>\$23,721,107.61</b>	



# ANNUITANTS' HEALTH CARE COVERAGE FUND

SKB0

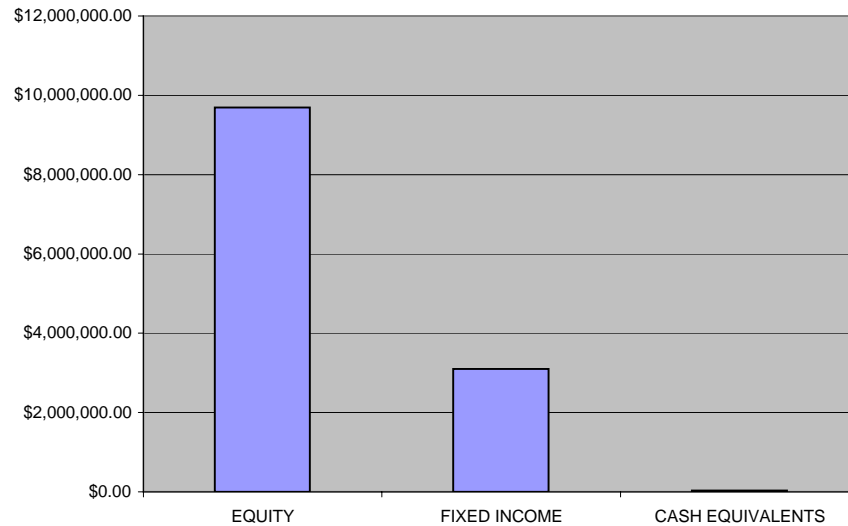
INVESTMENT PORTFOLIO SUMMARY

August 31, 2007

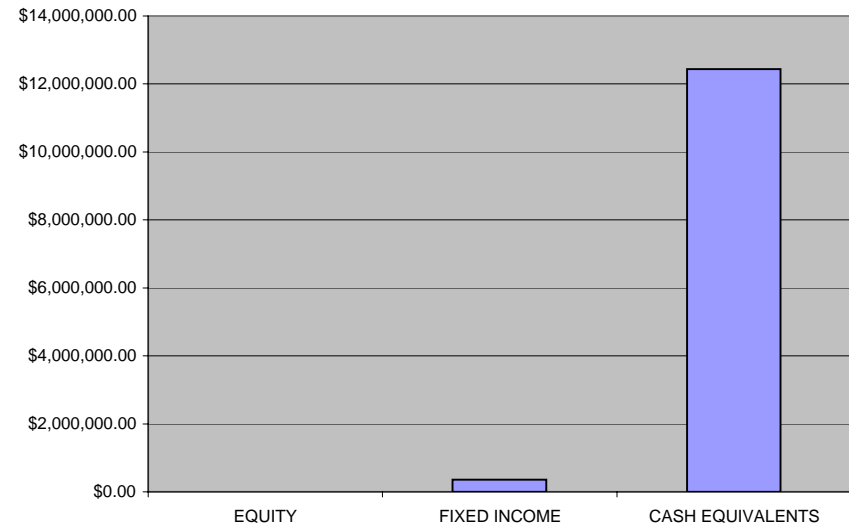
## INVESTMENT TRANSACTIONS

	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
<b>Portfolio</b>							
SCP TOTAL FUND	\$9,692,339.59	\$3,100,000.00	\$34,653.48	\$0.00	\$360,000.00	\$12,441,427.09	\$25,565.98
Total	\$9,692,339.59	\$3,100,000.00	\$34,653.48	\$0.00	\$360,000.00	\$12,441,427.09	\$25,565.98

## PURCHASES



## SALES

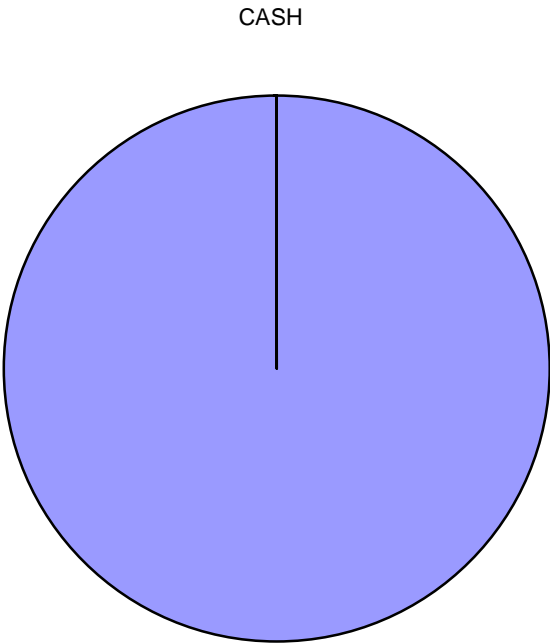


JUDGES' RETIREMENT FUND

SK05  
ASSET ALLOCATION

August 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	\$3,275,747.34	100.00%	\$3,275,747.34	100.00%
TOTAL	\$3,275,747.34		\$3,275,747.34	



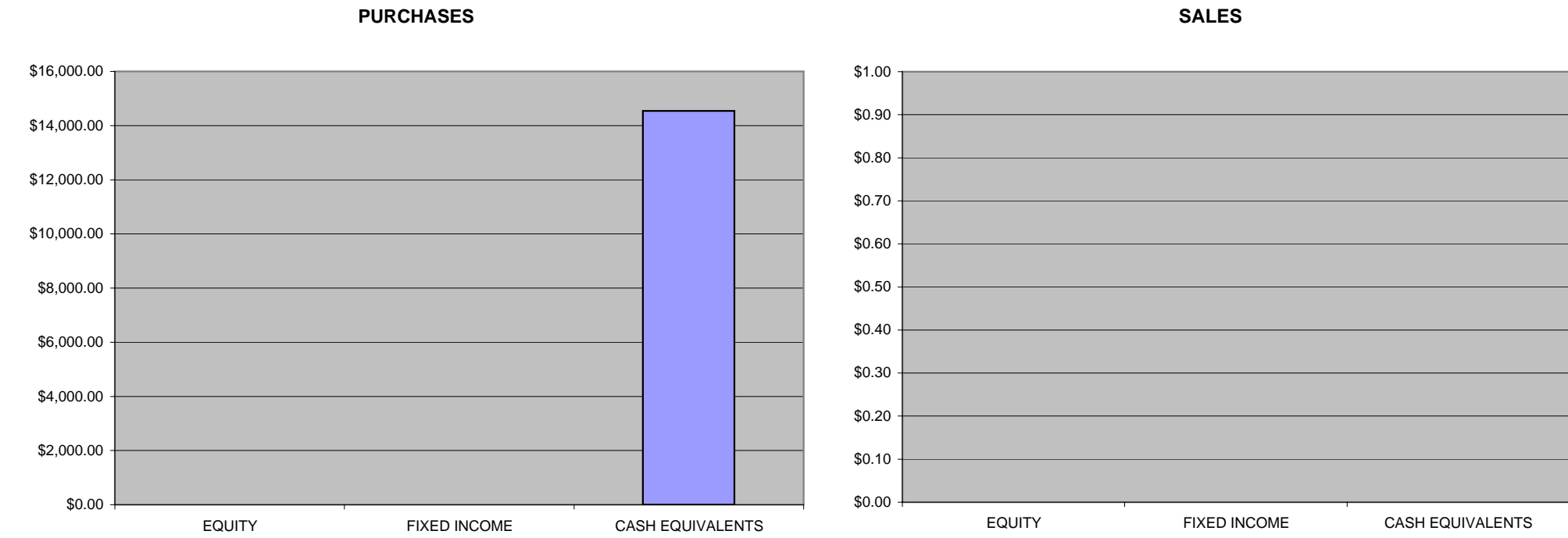
JUDGES' RETIREMENT FUND

SK05

INVESTMENT PORTFOLIO SUMMARY

August 31, 2007

INVESTMENT TRANSACTIONS	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
<u>Portfolio</u>							
JUD-INTERNAL SHORT TERM - CALPERS	\$0.00	\$0.00	\$14,542.10	\$0.00	\$0.00	\$0.00	\$14,542.10
Total	\$0.00	\$0.00	\$14,542.10	\$0.00	\$0.00	\$0.00	\$14,542.10



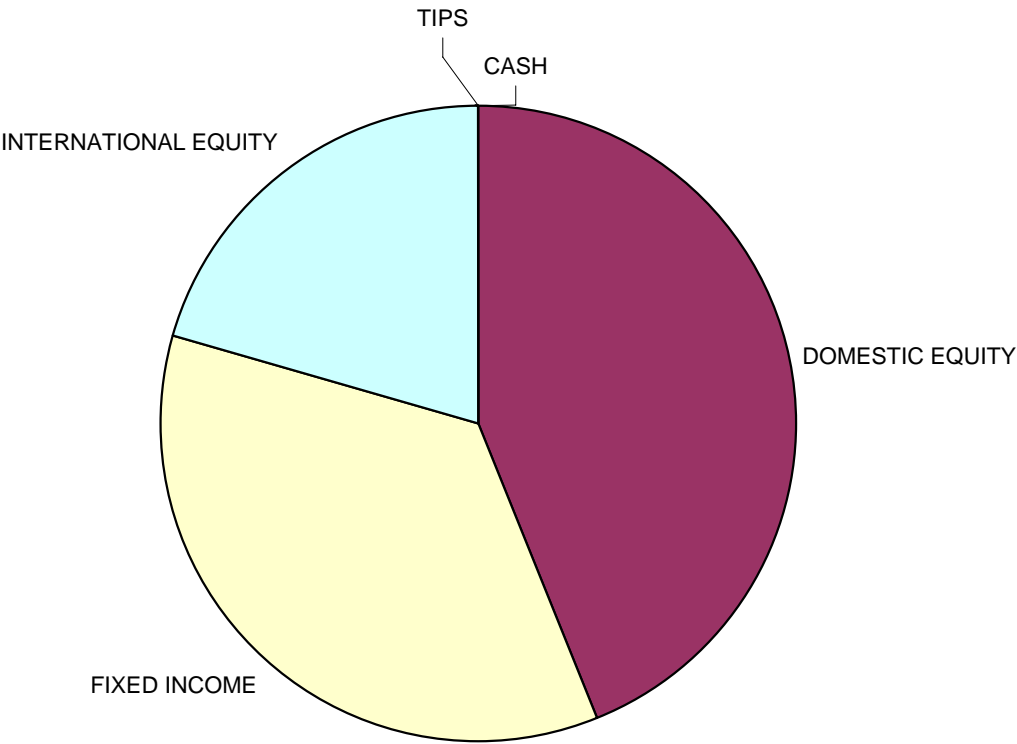
JUDGES II RETIREMENT FUND

SK30

ASSET ALLOCATION

August 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	\$6,586.81	0.00%	\$6,586.81	0.00%
DOMESTIC EQUITY	\$91,749,594.17	40.84%	\$111,923,113.99	43.91%
FIXED INCOME	\$88,626,485.19	39.45%	\$90,721,478.02	35.59%
INTERNATIONAL EQUITY	\$44,280,940.85	19.71%	\$52,232,162.45	20.49%
TIPS	\$0.00	0.00%	\$0.00	0.00%
TOTAL	\$224,663,607.02		\$254,883,341.27	





# JUDGES II RETIREMENT FUND

SK30

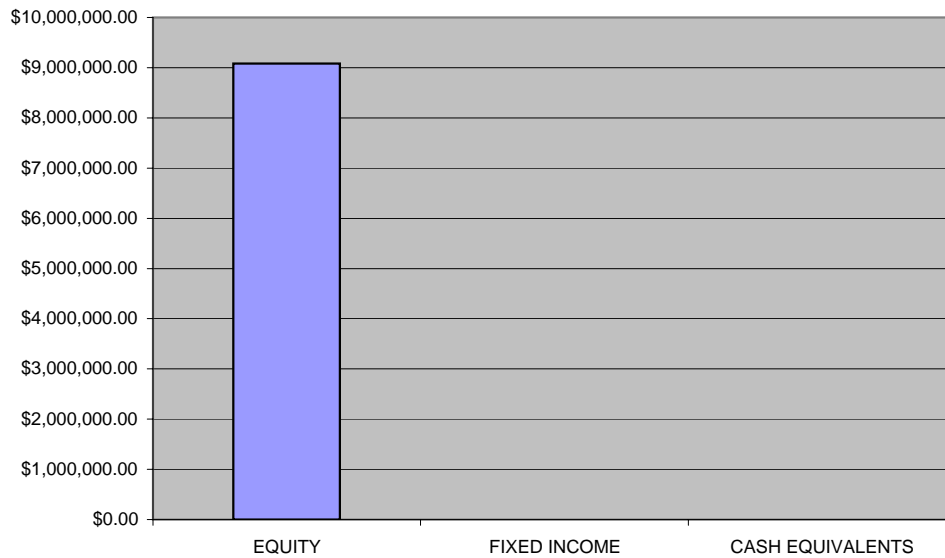
INVESTMENT PORTFOLIO SUMMARY

August 31, 2007

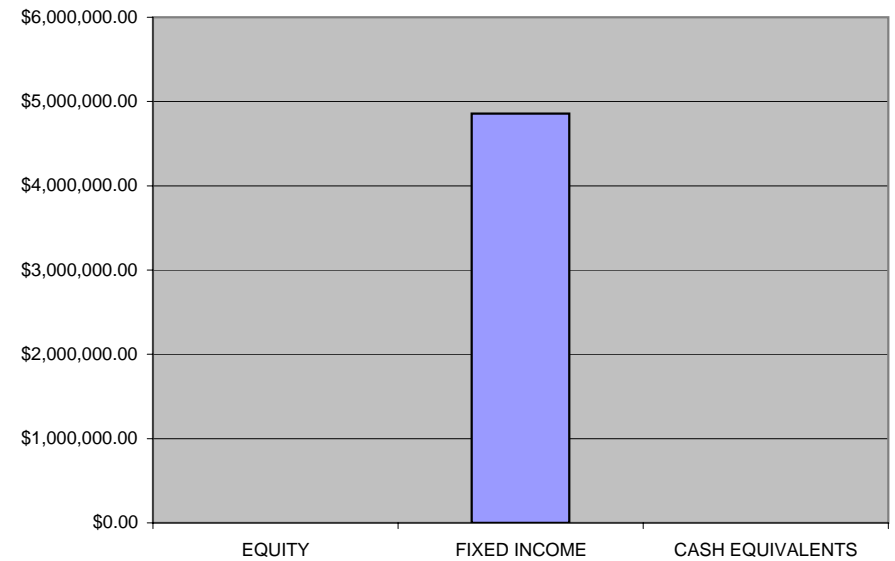
## INVESTMENT TRANSACTIONS

Portfolio	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
JUDGES II TOTAL FUND	\$9,082,610.00	\$0.00	\$1,116.91	\$0.00	\$4,857,234.00	\$457.97	\$4,226,034.94
Total	\$9,082,610.00	\$0.00	\$1,116.91	\$0.00	\$4,857,234.00	\$457.97	\$4,226,034.94

## PURCHASES



## SALES



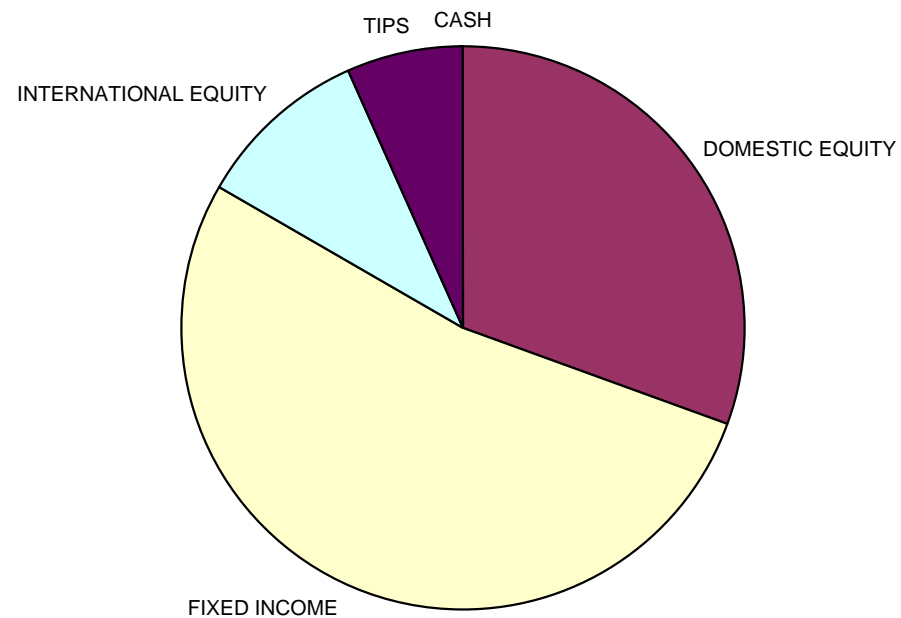
# LEGISLATORS' RETIREMENT FUND

SK15

ASSET ALLOCATION

August 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	\$2,226.35	0.00%	\$2,226.35	0.00%
DOMESTIC EQUITY	\$34,980,439.82	27.03%	\$43,357,039.19	30.53%
FIXED INCOME	\$73,186,406.06	56.55%	\$74,927,492.04	52.76%
INTERNATIONAL EQUITY	\$11,948,061.09	9.23%	\$14,097,571.24	9.93%
TIPS	\$9,293,413.04	7.18%	\$9,630,217.26	6.78%
<b>TOTAL</b>	<b>\$129,410,546.36</b>		<b>\$142,014,546.08</b>	



# LEGISLATORS RETIREMENT FUND

SK15

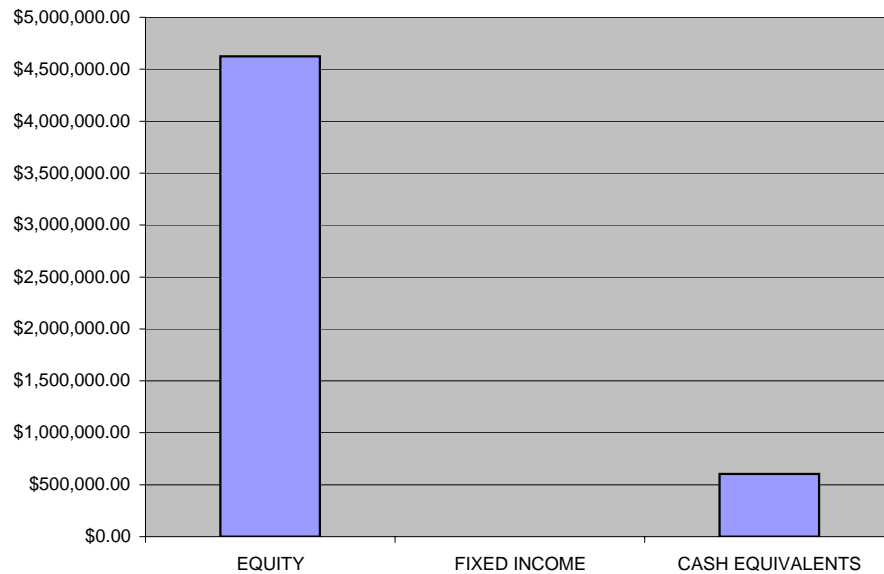
INVESTMENT PORTFOLIO SUMMARY

August 31, 2007

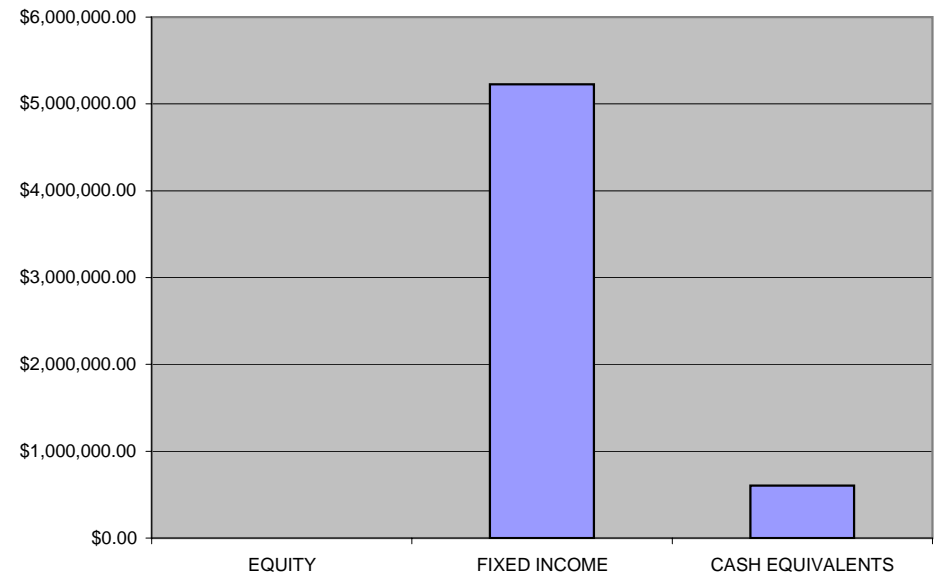
## INVESTMENT TRANSACTIONS

Portfolio	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
LEGISLATORS RETIREMENT TOTAL FUND	\$4,622,722.00	\$0.00	\$605,357.05	\$0.00	\$5,227,722.00	\$603,909.68	-\$603,552.63
Total	\$4,622,722.00	\$0.00	\$605,357.05	\$0.00	\$5,227,722.00	\$603,909.68	-\$603,552.63

## PURCHASES



## SALES



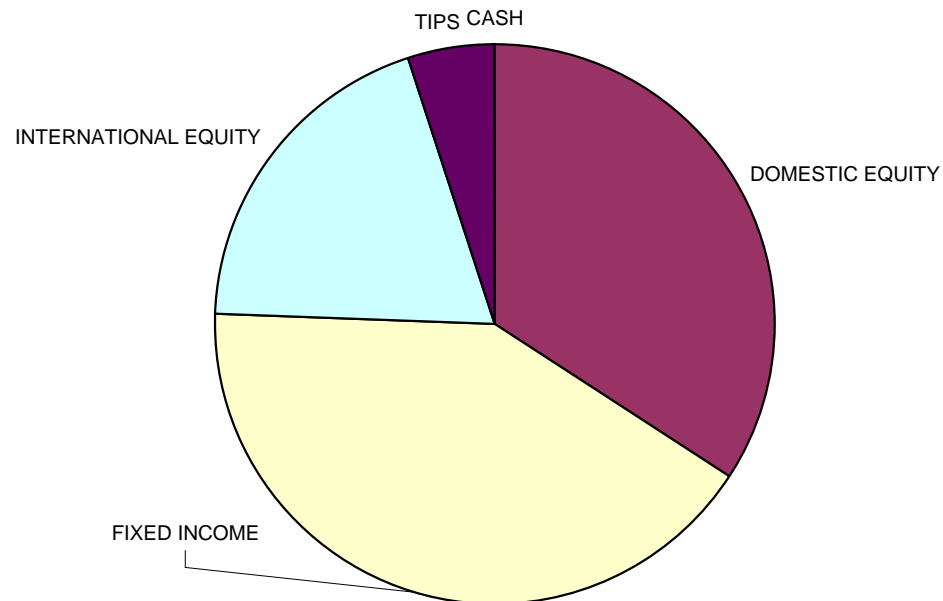
# LONG TERM CARE FUND

SK35

ASSET ALLOCATION

August 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	\$73,393.82	0.00%	\$73,393.82	0.00%
DOMESTIC EQUITY	\$622,152,536.81	31.44%	\$763,132,843.98	34.18%
FIXED INCOME	\$881,809,238.03	44.57%	\$923,723,502.68	41.37%
INTERNATIONAL EQUITY	\$365,323,708.05	18.46%	\$431,611,606.58	19.33%
TIPS	\$109,206,701.52	5.52%	\$114,457,695.65	5.13%
<b>TOTAL</b>	<b>\$1,978,565,578.23</b>		<b>\$2,232,999,042.71</b>	



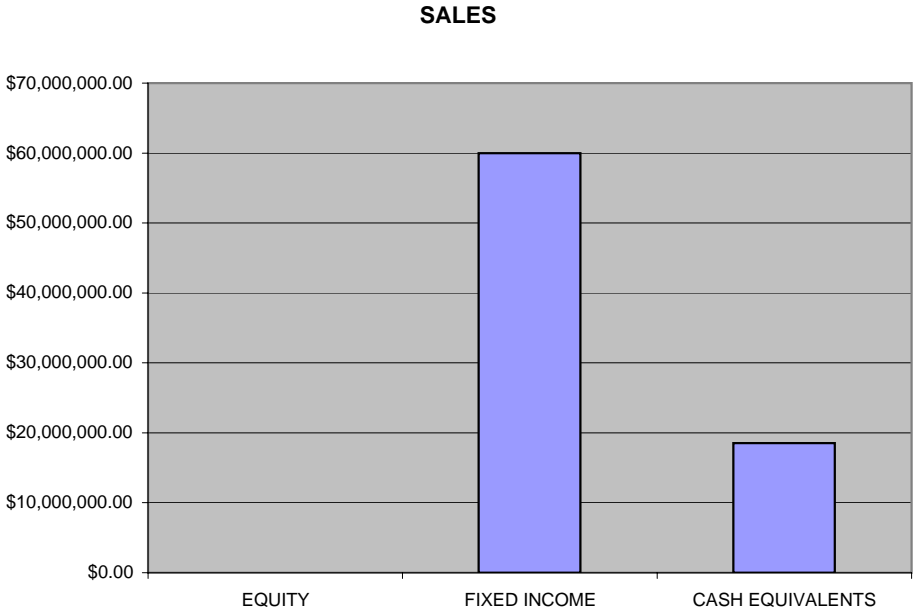
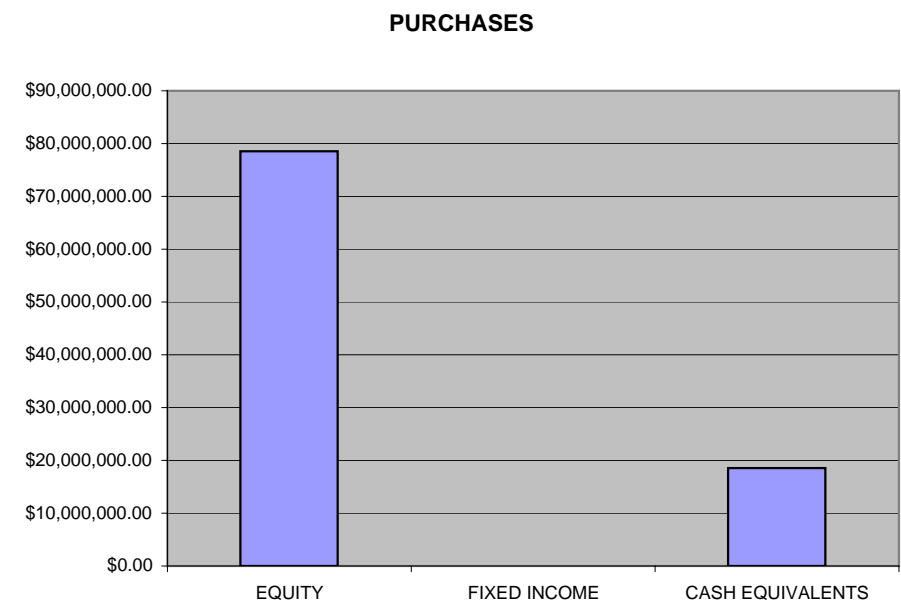
LONG TERM CARE FUND

SK35

INVESTMENT PORTFOLIO SUMMARY

August 31, 2007

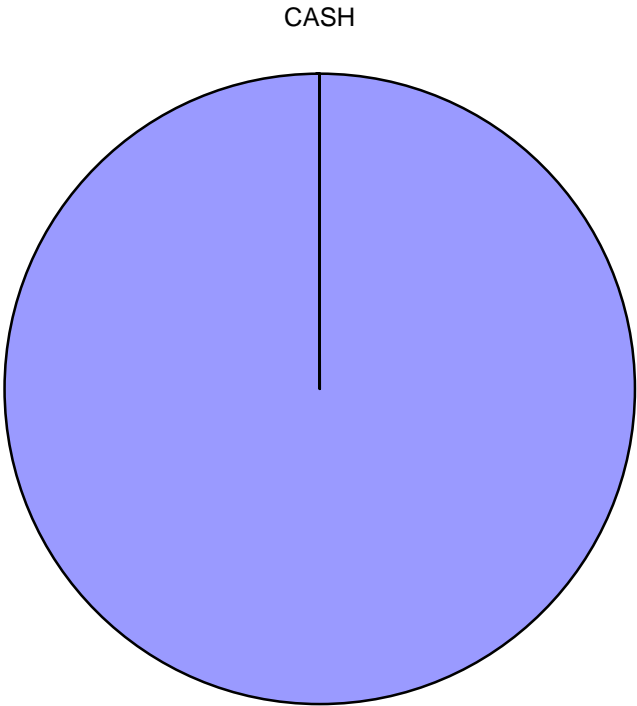
INVESTMENT TRANSACTIONS	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
<u>Portfolio</u>							
LONG TERM CARE TOTAL FUND	\$78,530,000.00	\$0.00	\$18,523,007.64	\$0.00	\$60,000,000.00	\$18,534,635.28	\$18,518,372.36
Total	\$78,530,000.00	\$0.00	\$18,523,007.64	\$0.00	\$60,000,000.00	\$18,534,635.28	\$18,518,372.36



CONTINGENCY RESERVE FUND

SK01  
ASSET ALLOCATION  
August 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	\$5,805,844.18	100.00%	\$5,805,844.18	100.00%
TOTAL	\$5,805,844.18		\$5,805,844.18	



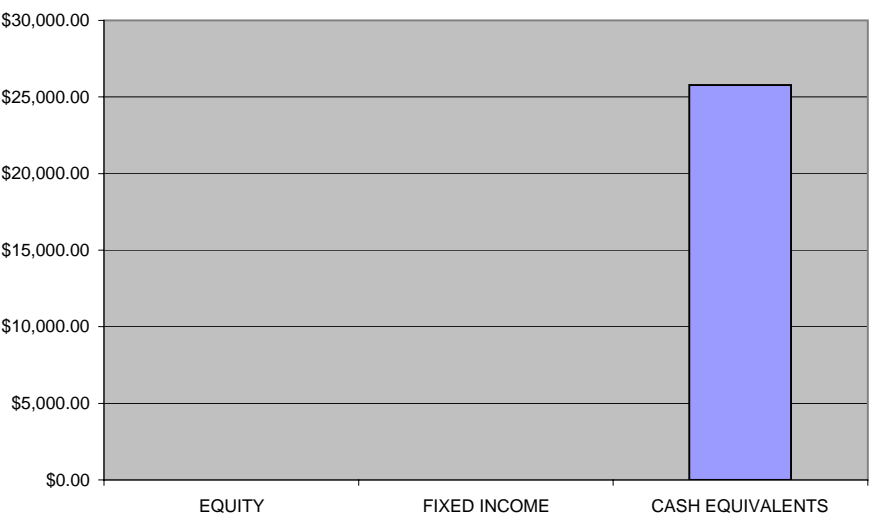
CONTINGENCY RESERVE FUND

SK01  
INVESTMENT PORTFOLIO SUMMARY

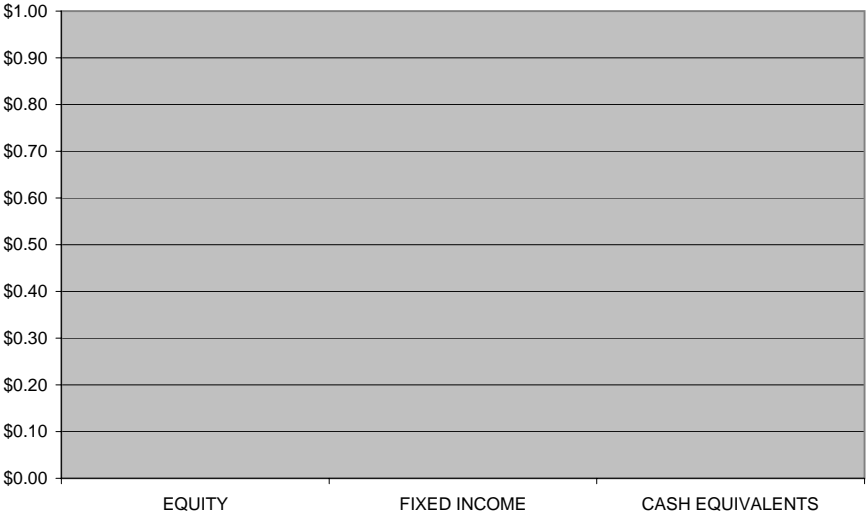
August 31, 2007

INVESTMENT TRANSACTIONS	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
<u>Portfolio</u>							
CRF INTERNAL SHORT TERM - CALPERS	\$0.00	\$0.00	\$25,774.02	\$0.00	\$0.00	\$0.00	\$25,774.02
Total	\$0.00	\$0.00	\$25,774.02	\$0.00	\$0.00	\$0.00	\$25,774.02

PURCHASES



SALES



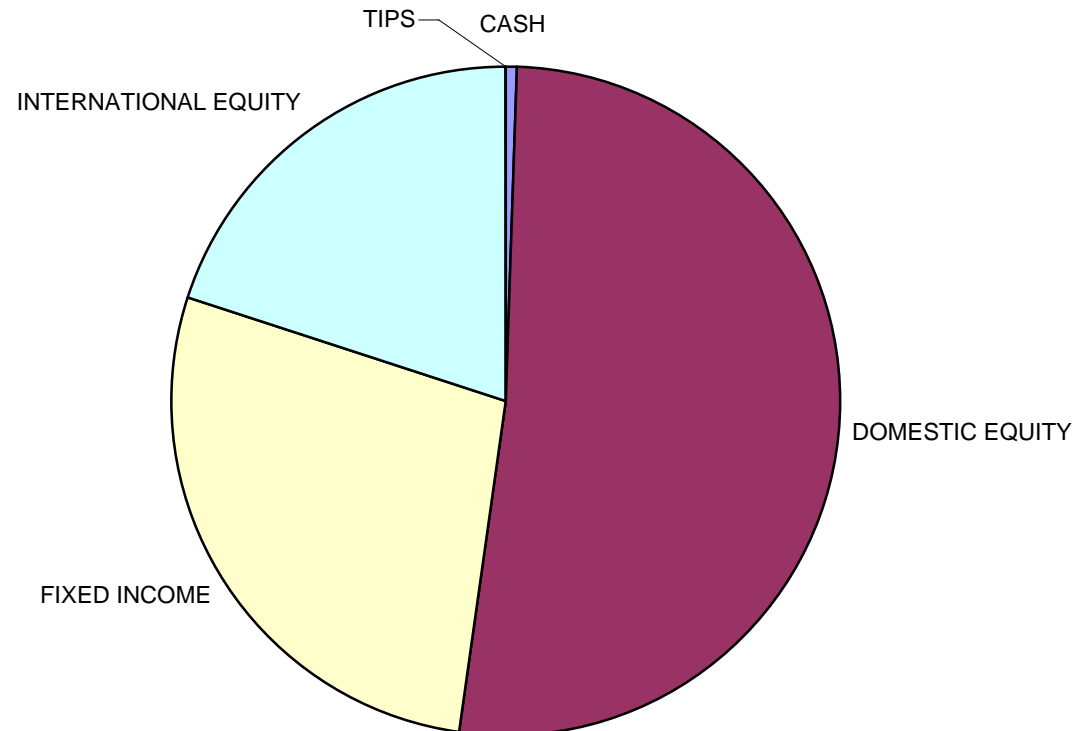
# SUPPLEMENTAL CONTRIBUTION FUND

SK76

ASSET ALLOCATION

August 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	102,732.94	0.53%	102,732.94	0.45%
DOMESTIC EQUITY	9,269,673.20	47.94%	11,721,177.65	51.75%
FIXED INCOME	6,120,482.83	31.65%	6,265,783.62	27.66%
INTERNATIONAL EQUITY	3,842,338.17	19.87%	4,559,451.05	20.13%
TIPS	0.00	0.00%	0.00	0.00%
<b>TOTAL</b>	<b>\$19,335,227.14</b>		<b>\$22,649,145.26</b>	





# SUPPLEMENTAL CONTRIBUTION FUND

SK76

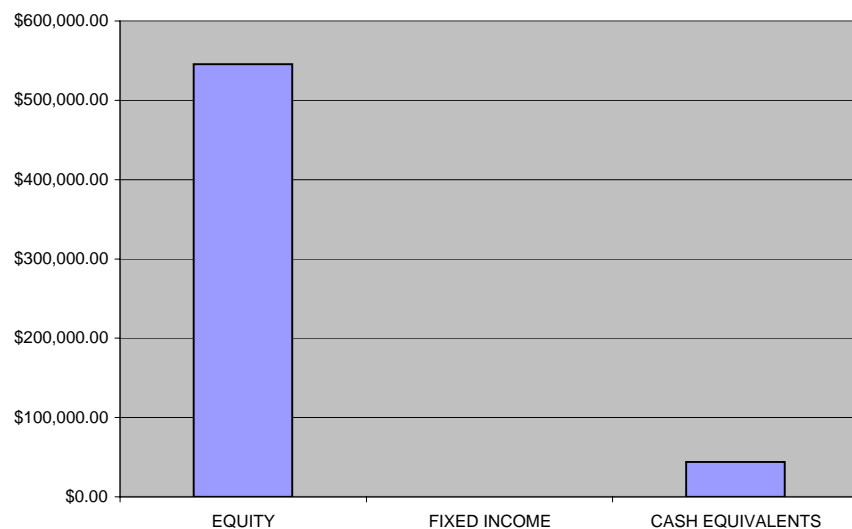
INVESTMENT PORTFOLIO SUMMARY

August 31, 2007

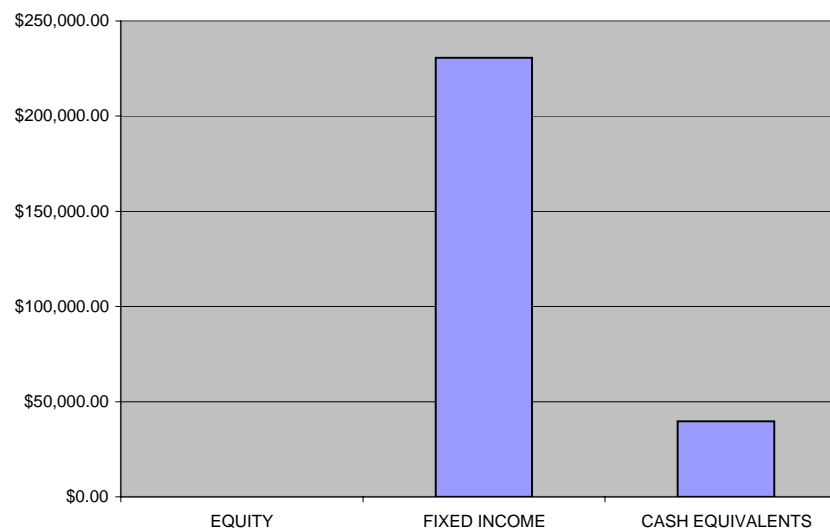
## INVESTMENT TRANSACTIONS

	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
<b>Portfolio</b>							
SCP TOTAL FUND	\$545,467.00	\$0.00	\$43,947.61	\$0.00	\$230,617.00	\$39,705.74	\$319,091.87
Total	\$545,467.00	\$0.00	\$43,947.61	\$0.00	\$230,617.00	\$39,705.74	\$319,091.87

## PURCHASES



## SALES



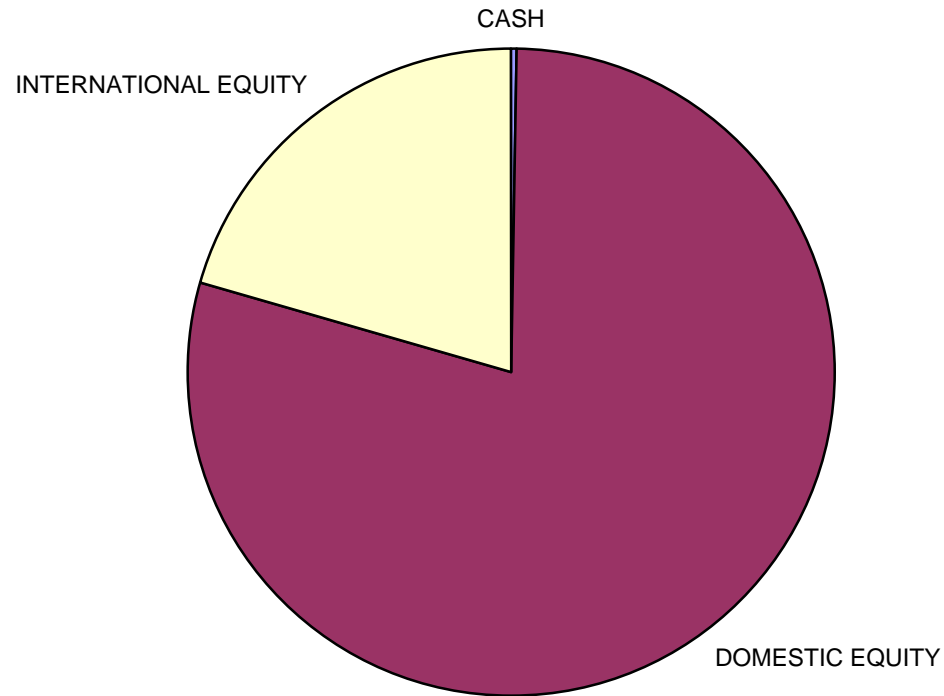
# VOLUNTEER FIREFIGHTERS LENGTH OF SERVICE AWARD FUND

SK26

ASSET ALLOCATION

August 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	\$5,797.88	0.19%	\$5,797.88	0.16%
DOMESTIC EQUITY	\$2,557,378.84	83.33%	\$2,790,183.37	79.20%
INTERNATIONAL EQUITY	\$505,703.17	16.48%	\$727,119.25	20.64%
<b>TOTAL</b>	<b>\$3,068,879.89</b>		<b>\$3,523,100.50</b>	



# VOLUNTEER FIREFIGHTERS LENGTH OF SERVICE AWARD FUND

SK26

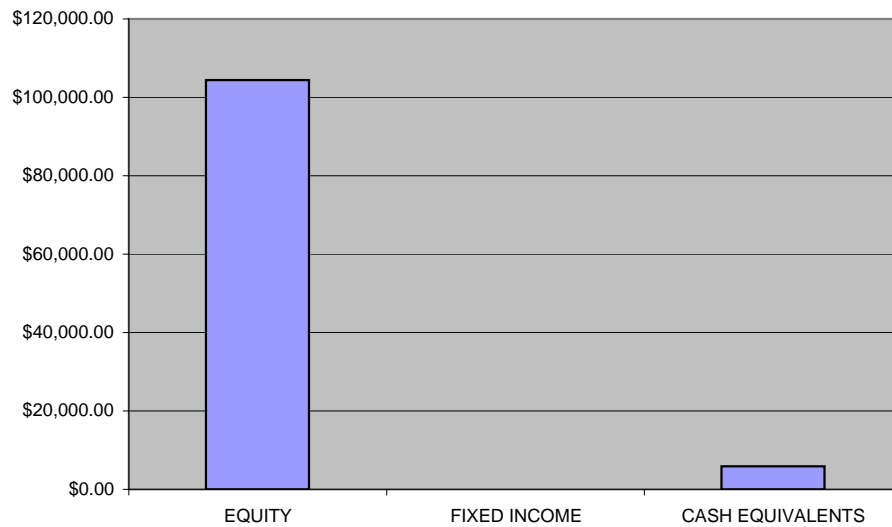
INVESTMENT PORTFOLIO SUMMARY

August 31, 2007

## INVESTMENT TRANSACTIONS

Portfolio	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
VFF-INTERNAL SHORT TERM - CALPERS	\$104,419.22	\$0.00	\$5,863.35	\$99,191.48	\$0.00	\$5,227.74	\$5,863.35
Total	\$104,419.22	\$0.00	\$5,863.35	\$99,191.48	\$0.00	\$5,227.74	\$5,863.35

## PURCHASES



## SALES

